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IN THE

Supreme Court of the United States

OCTOBER TERM, 1969.

No. 1654

THE BENDIX CORPORATION AND SELLEW CORPORATION,

Petitioners,

vs.

BALAX, INC. AND JOHN M. VAN VLEET,

Respondents.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT.

HOWARD T. MARKEY,
DANIEL C. MCEACHRAN,
PARKER, CARTER & MARKEY,
8 South Michigan Avenue,
Chicago, Illinois 60603,
Attorneys for Petitioners.

THE GUNTHORP-WARREN PRINTING COMPANY, CHICAGO

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vs.

BALAX, INC. AND JOHN M. VAN VLEET,

Respondents.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT.

Petitioners, The Bendix Corporation and Sellew Corporation, pray that a writ of certiorari issue to review the judgment of the United States Court of Appeals for the Seventh Circuit which held Welles Patents Re. 24,572 and 3,050,755 invalid.

CITATIONS TO OPINIONS BELOW.

The opinion of the Court of Appeals, and the opinion entered by the District Court are printed respectively in Appendices A and B of this petition, pages A1 through A61 hereof. The opinion of the Court of Appeals is reported at 164 USPQ 485. The opinion of the District Court is reported at 291 F. Supp. 328.

JURISDICTION.

The judgment of the Court of Appeals was entered on January 30, 1970; rehearing denied March 9, 1970.

The jurisdiction of this Court is invoked under 28 U. S. C. 1254(1).

While review is admittedly discretionary, it is believed that this Petition should be granted under Rule 19 of this Court since the "Court of Appeals . . . has decided important questions of federal law which have not been, but should be, settled by this Court."

THE QUESTIONS PRESENTED FOR REVIEW.

This is a patent case, and the Court is requested to review the following questions:

1. May the specification and drawings of a third party German Gebrauchsmuster—the entire unpublished petty patent—be used to defeat a U. S. patent where the statute and all court decisions have limited its use to what is specifically recited in its claims.

2. Does a patentee's later public disclosure invalidate his patent based on an earlier identical disclosure to the Patent Office.

THE STATUTES INVOLVED IN THE CASE.

35 U. S. C. 102(b). Conditions for patentability: novelty and loss of right to patent.

"A person shall be entitled to a patent unless * * * the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of the application for patent in the United States. * * *"

35 U. S. C. 112. Specification.

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"The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same, and shall set forth the best mode contemplated by the inventor of carrying out his invention."

35 U. S. C. 120. Benefit of earlier filing date in the United States.

"An application for patent for an invention disclosed in the manner provided by the first paragraph of section 112 of this title in an application previously filed in the United States by the same inventor shall have the same effect, as to such invention, as though filed on the date of the prior application, if filed before the patenting or abandonment of or termination of proceedings on the first application or on an application similarly entitled to the benefit of the filing date of the first application and if it contains or is amended to contain a specific reference to the earlier filed application. * * *"

STATEMENT OF THE CASE AND FACTS MATERIAL TO CONSIDERATION OF THE QUESTIONS PRESENTED.

A. Proceedings Below.

Patent Re. 24,572 for "Fluteless Swaging Tap" was granted on December 2, 1958. Patent 3,050,755 for "Method of Forming Threads by Applying Sliding Pressure" was granted on August 28, 1962. Action for infringement was instituted in the United States District Court for the Eastern District of Wisconsin and on October 1, 1968 Patent Re. 24,572 was declared valid and infringed and Patent 3,050,755 was declared invalid, but infringed if valid.

Appeal was taken to the Court of Appeals for the

Seventh Circuit. On January 30, 1970 that Court affirmed the invalidity of Patent 3,050,755 and the infringement of both patents, but reversed as to the validity of Patent Re. 24,572.

Petition for rehearing was denied by the Court of Appeals on March 9, 1970.

B. The Patents in Suit Relate to Swaging Taps and Their Method of Use.

A tap is a tool used to form threads on the cylindrical inner surface of a hole. A swaging tap forms threads by deforming the metal and displacing it into the form of the desired thread. A swaging tap, which forms no chips, is to be distinguished from a cutting tap which forms threads by cutting away the metal with cutting teeth. The swaging method is more economical and easier to perform than the cutting method. Swaging taps have a longer life than cutting taps. They produce no metal chips. The costly and time consuming inspection and cleaning of the work after the job is completed is thus eliminated.

As stated by the Court of Appeals "this tap has a shank and a threaded section. The threaded section has a cylindrical portion where the threads are substantially the same diameter and a tapered end portion where the threads are of reduced diameter. The threads have high spots or lobes with relieved areas in between these high spots. It is the lobes that do the actual swaging work, since the relieved areas are out of contact with the material being formed. When used, the tool is rotated into a hole and the lobes force their way through the hole. The displaced metal takes the shape of the tap threads.

"The method of the '755 patent is performed when the tool of the reissue patent is used in the prescribed manner. The method claims describe the application of pressure

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from the tap threads and the movement of the metal as it conforms its shape to that of the tap thread." (A3)

C. Both Patents in Suit Have Been Found To Be Infringed.

Both the District Court and the Court of Appeals found that both patents in suit were infringed by the defendants' tap.

D. Validity of the Reissue Patent.

German Petty Patent 1,455,626, the GM, was issued in 1939. Unlike most patents, a GM is not printed and hence it is not a printed publication. Only what is patented by the GM can be used as prior art. The District Court in finding the reissue patent valid determined what was patented by the GM by reference to its claim. The Court of Appeals in reversing the District Court determined what was patented by reference to the entire unpublished GM.

E. Validity of the '755 Patent.

In April 1956 the application which subsequently resulted in the reissue patent was filed in the U. S. Patent Office. This application disclosed a swaging tap and how to use it. Both the Court of Appeals and the District Court found that when the tap is used in the manner described in the April 1956 application, such tap will inherently practice the method claimed in the '755 patent, the application for which was a continuation in part of the April 1956 application.

In June 1956 plaintiff provided the swaging tap of its April 1956 application to its customers and instructed them in the use of the tap as described in such application. Both the District Court and the Court of Appeals determined that the June 1956 disclosure of the tap and how to use it invalidated the '755 patent under 35 U. S. C. 102(b).

REASONS FOR ALLOWANCE OF THE WRIT.

A. REASONS: The Court of Appeals Erred in Adopting a New Rule of Law Which Requires Reference to Unprinted and Unpublished Material to Determine What Is Patented by a German Petty Patent.

The Court of Appeals at page 7 of its opinion (A8) found that "the claims [of the Gebrauchsmuster or German petty patent, hereinafter GM] leave unclear exactly what the 'shape, disposition and arrangement' of the patented article is meant to be." Nevertheless, the court concluded that the GM anticipated petitioner's reissue patent and, therefore, found the reissue patent invalid. To reach this result the court announced a new rule of law at pages 5-6 of its opinion (A6) that "We conclude that the specifications of a GM may be resorted to for the purpose of clarifying the meaning of the language used in the claims, but may not be resorted to for the purpose of adding completely new material to that which is disclosed by the claim."

Section 102(b) of the United States Patent Code limits the material which may be considered by our courts in determining whether a U. S. patent has been anticipated by prior art abroad, to inventions "patented or described in a *printed publication.*" [Emphasis added.] There is no dispute that if a GM is a patent at all, only its claims measure "the thing patented."* *Permutit* v. *Wadham*, 13 F. 2d 454 (6 Cir. 1926). It is also undisputed that the claims, specifications and drawings of a GM are not printed or published. If what is patented is not disclosed by the claims, because of a lack of fullness or clarity, ambiguity,

* The Seventh Circuit correctly recognized that a German petty patent ". . . is not a printed publication." Petitioner suggests that since the invention disclosed in its claims is not "patented . . . in a printed publication," the rule that the claims of GM's may be accepted as prior art is inconsistent with Section 102(b).

or other defect in draftsmanship, Section 102(b) prohibits any reliance upon unprinted or unpublished material to remedy the defect. To do so requires reading into the statute words which are plainly not there, as the Court of Appeals has done.

The Seventh Circuit correctly states at page 6 (A7) that the question to be answered in this case is "What is 'patented'?" Its new rule would require the courts to refer to the unprinted and unpublished specifications and drawings of GM's "*to determine what* it is that the claims 'patent' *but not to* add to what they patent." [Emphasis in opinion.] At page 7 of its opinion (A8), the court acknowledged that "it is plainly necessary in this case to resort to the specifications to determine what is 'patented' by the claims," and at pages 9-10 (A10, 11) relies upon unexplained drawings. Petitioner urges that its new rule would require courts in future cases where GM's are at issue as prior art to make an independent evaluation of the claims and the unpublished specifications and drawings in GM's to determine "What is 'patented'?" Its new rule would introduce ambiguity with respect to the permissible use and effect of German petty patents in such proceedings, and is contrary to the established rule that the claims made and accepted in GM's measure "the thing patented."

The Seventh Circuit justifies its reliance on the unprinted and unpublished specifications and drawing in the GM by explaining at page 7 of its opinion (A8) that it is "plainly possible to take such resort without increasing the scope of what is patented by the claims." While it may be possible to do so where the claims are sufficiently full, clear, concise and exact to determine what is patented, if the claims are "unclear" as the Seventh Circuit found here, reference to and reliance upon unpublished specifications and unexplained drawings to determine what is 'patented'

necessarily enlarges "the scope of what is patented" beyond that which is revealed in the claims.

Section 102(b) clearly limits the material which can be considered by our courts in determining whether a U. S. patent has been anticipated by prior art abroad. It is the prerogative of the Congress and not the courts to amend Section 102(b), if changes are deemed necessary to allow a broader effect to be given foreign patents. This is precisely in accord with the rule as established by the Sixth Circuit in *Permutit* v. *Wadham, supra* where the court stated:

> "Several Gebrauchsmuster are relied upon. Clearly these are not publications. That they are 'patents' at all has been denied . . . but, if they are, their anticipatory effect is confined to the claim, for that is the thing 'patented' . . ."

And by the Second Circuit in *Reeves Bros., Inc.* v. *U. S. Laminating Corp.*, 417 F. 2d 869 (1969).

The proposed new rule of the Seventh Circuit conflicts with the holding of *Reeves Bros., Inc.* v. *U. S. Laminating Corp.*, 282 F. Supp. 118, 134-36 (E. D. N. Y. 1968) which stands for the proposition that the unprinted specifications of a German petty patent cannot be relied upon to show anticipation of a U. S. patent. The Court of Appeals construes the *Reeves* case as calling for "neither an absolute rule that GM specifications may never be resorted to, nor an absolute rule that they may always be resorted to in interpreting claims." (A6) Petitioner urges that, as a practical matter, the adoption of the Seventh Circuit rule would mean that reference to the unpublished specifications and drawings of a GM would be required in many cases to determine what is 'patented' by the claims in a GM, and that since this is clearly prohibited by Section 102(b), the rule of the Second and Sixth Circuits is correct.

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Undoubtedly, the proposed new rule of the Seventh Circuit is a major change in the field of patent law. The overriding public interest in creating clarity in this already complex area of our law suggests that this Court should speak with finality on this issue. As to judicial matters, that power is committed to the Supreme Court. *Martin* v. *Hunter's Lessee*, 1 Wheat. 304, 4 L. ed. 97 (1816). If the proposed rule of the Seventh Circuit is allowed to stand, petitioner suggests that no litigant or potential litigant will be able to predict with any degree of certainty the judicial effect as prior art which will be given to a GM in a patent dispute in the federal courts of the United States. Where a court of appeals has rendered a decision in conflict with the decision of another court of appeals in the same matter, or has decided an important question of federal law which should be settled by this court, Rule 19 of the Rules of this Court states that a petition for certiorari may be granted. This is such a case.

B. REASONS: The Court of Appeals Denied Petitioner Due Process When It Applied a Different Test to Determine the Effective Date of a Method Patent Than It Did to Determine the Adequacy of a Public Disclosure.

The application which resulted in the granting of petitioner's method patent was filed on July 23, 1958. Several years earlier, petitioner supplied its customers with the taps covered by the method patent, as well as with instructions as to how the taps should be used. Petitioner concedes that its method patent is invalid as a result of such public disclosure under Section 102(b) of our Patent laws, unless the patent is entitled under Section 112 to the filing date of an earlier related product patent application which preceded the public disclosure. The disclosure made to its

customers in June of 1956 was essentially the same disclosure made by the petitioner in its product patent application filed on April 3, 1956.

Under Section 102(b), the test is that if a public disclosure is sufficient to enable a man skilled in the art to practice the invention, it will invalidate a later-filed patent. *Rich Products Corporation* v. *Mitchell Foods, Inc.*, 357 F. 2d 176, 180 (2 Cir. 1966); *Bros Incorporated* v. *W. E. Grace Manufacturing Company*, 351 F. 2d 208, 213 (5 Cir. 1965); and *McCullough Tool Company* v. *Well Surveys, Inc.*, 343 F. 2d 381, 398 (10 Cir. 1965). As a result of the fact that Section 120 incorporates by reference the disclosure test of Section 112, the same test must be used to determine whether an invention shall have the benefit of the date of an earlier patent application:

> "The specifications shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as *to enable any person skilled in the art* to which it pertains, or with which it is most nearly connected, *to make and use the same*, and shall set forth the best mode contemplated by the inventor of carrying out his invention." [Emphasis added.]

There is no dispute that in June of 1956, petitioner supplied its customers with the swaging taps covered by its earlier April patent application and told them how to use them. The Court of Appeals found at page 13 of its opinion (A15) that the April application "contained essentially a description of how the tap was to be used rather than a description of a method of forming threads." But neither did petitioner supply its customers with "a description of a method of forming threads," for it was the product they needed and instructions as to how to use it, rather than a detailed description of how the taps would form the metal threads. Accordingly, essentially the same disclosure was

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made to petitioner's customers in June of 1956 as was made in petitioner's patent application of April 3, 1956.

The question presented here, therefore, is whether the same disclosure can be found sufficient to make a patent invalid under Section 102(b) and insufficient under Section 112 to permit petitioners to have the benefit of an accelerated filing date. The answer is that the statutory test under both Sections is the same and that, therefore, due process of the law requires that the same test be applied under both Sections. If the public disclosure in June would invalidate petitioner's July 1958 patent application under Section 102(b), the same disclosure made in its April 3, 1956, application must accelerate the effective date of its later application. The Court of Appeals erred in not so finding.

Petitioner urges (1) that the same test for the adequacy of a disclosure must be applied under both Sections 102(b) and 112; (2) that under such test its method patent has the benefit of the earlier filing date of its product patent application and is valid; and, (3) that the Court of Appeals must have erroneously applied different tests under these Sections to conclude that the disclosure to petitioner's customers was sufficient to invalidate the method patent and that essentially the same disclosure made in petitioner's earlier patent application was insufficient to accelerate the effective date of its method patent.

CONCLUSION.

The Court of Appeals' use of unpublished material to enlarge the patented subject matter of a Germany petty patent, an unjustified and unintended broadened interpretation of 35 U. S. C. 102(b), is directly in conflict with the established rules of other circuits.

When two statutory sections of the patent laws have the same test as to the adequacy of a disclosure, the same disclosure should have the same effect under either statutory provision. The failure of the Seventh Circuit to apply the same test in each instance denied petitioner due process of law.

It is respectfully requested that this Petition be granted.

Respectfully submitted,

HOWARD T. MARKEY,
DANIEL C. MCEACHRAN,
PARKER, CARTER & MARKEY,
8 South Michigan Avenue,
Chicago, Illinois 60603,
Attorneys for Petitioners.

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APPENDIX A.

IN THE UNITED STATES COURT OF APPEALS

For the Seventh Circuit.

September Term, 1969—September Session, 1969

Nos. 17343, 17344

THE BENDIX CORPORATION, a corporation of Delaware, and SELLEW CORPORATION, a corporation of Illinois,

Plaintiffs-Appellees (Cross-Appellants),

vs.

BALAX, INC., a corporation of Wisconsin, and JOHN M. VAN VLEET, an individual,

Defendants-Appellants, (Cross-Appellees).

Appeal from the United States District Court for the Eastern District of Wisconsin.

January 30, 1970.

Before CASTLE, *Chief Judge,* HASTINGS, *Senior Circuit Judge,* and FAIRCHILD, *Circuit Judge.*

HASTINGS, *Senior Circuit Judge.* Plaintiff's predecessor brought this action charging defendants with infringement of three of its patents and with appropriation of its trade secrets. Defendants counterclaimed charging plaintiff with violations of the antitrust laws.

The original plaintiff was Besly-Welles Corporation, an Illinois corporation. After this suit was commenced its assets were acquired by Bendix Corporation of Delaware. Its business is now operated as a division of Bendix. The defendants are Balax, Inc., a Wisconsin corporation, and John M. Van Vleet, Balax's founder and president, a resident of Wisconsin.

Before trial, plaintiff withdrew its patent No. 2,991,491, admitting its invalidity due to plaintiff's own prior public use. The trial court held plaintiff's Patent Re. 24,572 valid and infringed; it held plaintiff's Patent No. 3,050,755 infringed but invalid for prior public use by plaintiff; it dismissed that portion of the complaint charging defendants with appropriation of plaintiff's trade secrets; it dismissed defendant Van Vleet as an individual defendant; it denied plaintiff's request for treble damages and attorneys' fees; and it dismissed defendants' antitrust counterclaim.

In No. 17343, defendants appeal from those parts of the judgment herein holding Patent Re. 24,572 valid and infringed and denying relief to defendants on their counterclaim charging plaintiff with violations of the antitrust laws. Affirmatively, defendants seek an award of attorneys' fees, a decree finding plaintiff in violation of the Sherman Act and a remand to determine damages allegedly suffered by defendants.

In No. 17344, plaintiff appeals from those parts of the judgment herein holding its Patent No. 3,050,755 invalid; dismissing that part of the complaint charging defendants with appropriation of its trade secrets; dismissing Van Vleet as an individual defendant; and denying plaintiff's request for treble damages and attorneys' fees.

The two remaining patents involved in this litigation both relate to a device known as a fluteless swaging tap. Patent Re. 24,572, hereinafter referred to as the reissue

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patent, covers the tool itself. Patent 3,050,755, hereinafter referred to as the '755 or method patent, covers the method performed by the tool.

A tap is a tool used to form threads on the cylindrical inner surface of a hole. A swaging tap forms threads by deforming the metal and displacing it into the form of the desired thread. A swaging tap, which forms no chips, is to be distinguished from a cutting tap which forms threads by cutting away the metal with cutting teeth. The swaging method is said to be more economical and easier to perform than the cutting method. Swaging taps have a longer life than cutting taps. They produce no metal chips. The costly and time consumming inspection and cleaning of the work after the job is completed is thus eliminated.

As found by the trial court, Patent Re. 24,572 is a reissue of U. S. Patent No. 2,807,813. This tap has a shank and a threaded section. The threaded section has a cylindrical portion where the threads are substantially the same diameter and a tapered end portion where the threads are of reduced diameter. The threads have high spots or lobes with relieved areas in between these high spots. It is the lobes that do the actual swaging work since the relieved areas are out of contact with the material being formed. When used, the tool is rotated into a hole and the lobes force their way through the hole. The displaced metal takes the shape of the tap threads.

The method of the '755 patent is performed when the tool of the reissue patent is used in the prescribed manner. The method claims describe the application of pressure from the tap threads and the movement of the metal as it conforms its shape to that of the tap thread.

PATENT RE. 24,572—VALIDITY.

Defendants urge several reasons for the invalidity of the reissue patent. Their first contention is that it is anticipated by the 1939 German Gebrauchsmuster Patent 1,455,626 (GM). Section 102(b) of Title 35, U. S. C. A. provides: "A person shall be entitled to a patent unless— * * * (b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of the application for patent in the United States * * *."

A GM is clearly a patent within the meaning of this section, but it is not a printed publication. *American Infra-Red Radiant Co.* v. *Lambert Industries, Inc.*, 8 Cir., 360 F. 2d 977, 991-94, *cert. denied*, 385 U. S. 920 (1966); *Permutit Co.* v. *Wadham*, 6 Cir., 13 F. 2d 454, 458 (1926); *Reeves Bros., Inc.* v. *United States Laminating Corp.*, 282 F. Supp. 118, 134-36 (E. D. N. Y. 1968); *Permutit Co.* v. *Graver Corp.*, 37 F. 2d 385, 390 (N. D. Ill. 1930), aff'd on other grounds, 7 Cir., 43 F. 2d 898, 902 (1930), aff'd 284 U. S. 52 (1931); and *Safety Gas Lighter Co.* v. *Fischer Bros. & Corwin*, 236 F. 955, 962 (D. N. J. 1916), *aff'd*, 3 Cir., 247 F. 1005 (1918).[1]

1. A number of the opinions above cited ably set forth the nature of a Gebrauchsmuster. The latest such effort is that of Judge Bartel in *Reeves Bros., supra* at 134-35: "[A] Gebrauchsmuster is registered under the German law after an application filed in the German Patent Office. If the application meets the requirements of form and content, the GM is issued without any novelty search and is accompanied by the publication of an official notice in the German Official Gazette that it has been so issued. There is no requirement of nonobviousness in order to obtain a GM, and its purpose is to enable the applicant to obtain a speedy protection for a new article and if desirable, to concurrently seek a regular patent, a procedure which would consume much more time. After registration the specifications and claims become available to the public and anyone has free and open access to the same.

On this basis, all parties agree that only that which is "patented" by a GM may be considered as prior art under Section 102(b), *supra*. Subject matter which is ancillary to, but not a part of, the patented subject matter may not be considered. The district court so held. The disagreement between the parties concerns the method of determining what is "patented" by the Gebrauchsmuster in question.

The trial court held that a GM "patents" only that which is disclosed by the bare words of its claims. It relied on language in *Reeves, supra,* in holding that it is never permissible to look to the specifications of a GM in construing its claims. The *Reeves* court had said: "* * * for anticipation purposes under Section 102 a GM * * * is a reference only for what is patented, *i.e.*, for what it claims and not for what is disclosed in its specifications." 282 F. Supp. at 136.

Defendants maintain that the claims of a GM are to be construed in light of its specifications and seek to distinguish *Reeves*. They note that in *Reeves* a GM was cited as a reference against a process patent and that a GM is by definition a patent only on an article and never on a process. From this they conclude the *Reeves* court ignored the specifications only because they referred to a process.

However, the *Reeves* court clearly recognized that an

The GM was not a printed publication at any time and is referred to as a utility model. It is limited to a maximum of six years instead of eighteen years, covers only articles and never can cover processes as such, and grants to the inventor the exclusive right to prevent others from making, using or selling his article and also to recover damages for any infringement. * * *

"By a directive issued to its examiners in 1965, the United States Patent Office resolved certain prior inconsistent practices as to the treatment of GMs and stated that GMs may be considered as patents for anticipation purposes within the purview of Section 102. Official Gazette of the United States Patent Office. Nov. 2, 1965, Vol. 820, No. 1." (Footnote omitted.)

article patent may in some cases anticipate a process. Such would be the case where "a process in one patent can produce only one article and that article is definitely covered by what is claimed in another patent [*e.g.*, in an earlier GM] * * *. [B]ut this alone may not be sufficient to treat the article patent as an anticipation of the process patent, if many processes are described in the article patent while only one specific process is described in the process patent." 282 F. Supp. at 136-37.

The patent in suit in *Reeves* claimed a method of laminating a sheet of plastic foam to a sheet of fabric by the application of heat from a gas flame. The GM cited against it claimed a fabric lined foam material with the fabric bonded directly to the foam. The specifications of the GM described the process by which the article could be made indicating the application of heat from heated rollers, hot gas, infrared light, or high frequency current.

When the language of *Reeves* is read in light of these facts, it is clear to us that it calls for neither an absolute rule that GM specifications may never be resorted to, nor an absolute rule that they may always be resorted to in interpreting the claims. Rather, it is consistent with our own judgment as to the correct rule. We conclude that the specifications of a GM may be resorted to for the purpose of clarifying the meaning of the language used in the claims, but may not be resorted to for the purpose of adding completely new material to that which is disclosed by the claims.

For example, in *Reeves* the GM claims disclosed an article which could have been produced by several processes. The court had held that in such a case the article patent could not anticipate any one of those processes when cited against a patent specifically claiming one of them. Therefore, resort to the specifications there to learn in what manner the claimed article was actually produced

would have added wholly new matter to the claims. Without the specifications, the *Reeves* claims could anticipate no process, but with them, the claims would anticipate a process as well as an article. *Reeves* was thus a particularly clear case of specifications adding new matter to what was "patented" by the claims, rather than simply giving meaning to the words of the claims for the purpose of determining what was "patented" by them.

Each case will, of course, turn on its own facts. In each case the question will be "What is 'patented'?" The specifications of the GM may be resorted to if necessary to clarify the meaning of the words of the claim—*to determine what* it is that the claims "patent" *but not to add to* what they patent.

Thus, the double question here is whether resort to the specifications is necessary to determine what is patented and whether such resort may be taken without increasing the scope of what is patented.

The claims of the GM cited against the reissue patent in suit are:

> "1. Thread pressing tap for the chipless production of inner threads, characterized in that the thread tap (a) provided with a continuous, *i.e.*, uninterrupted thread along the circumference of its thread cross section (b, c, d) is undulatingly formed over its entire length or partly, and, consequently, has continuous or interrupted depressions (f, f', f'') extending longitudinally axially, as well as spirally axially or otherwise, which though they recede with respect to the outer circumference (g, g', g''), nevertheless have the thread extend over their circumferential surface in the profiling of the thread to be cut and otherwise along the circumference of the tap.
>
> "2. Thread pressing tap for the chipless production of inner threads in accordance with claim 1, characterized by the shape, disposition and arrangement reflected by the drawing and the specification."

These claims make clear that what is patented is a swaging tap, *i.e.*, a "tap for the chipless production of inner threads." They also make clear that the patented tap is of a particular form and shape—one "characterized by the shape, disposition and arrangement reflected by the drawing and the specification." However, by this cross reference, the words of the claims leave unclear exactly what the "shape, disposition and arrangement" of the patented article is meant to be. Thus, it is plainly necessary in this case to resort to the specifications to determine what is "patented" by the claims.

It is just as plainly possible to take such resort without increasing the scope of what is patented by the claims. The claims clearly profess to patent a particular article of a particular shape, disposition and arrangement. They also clearly indicate how such particular shape, disposition and arrangement is to be determined. Claim 2 is an obvious incorporation by reference and makes the specifications and drawings as much a part of the claim as if they were reproduced verbatim in the claim. Without such an incorporation, Claim 2 would be meaningless.

The trial court completely disregarded Claim 2. It reasoned that to give it any effect would undermine its conclusion as to the proper construction of a Gebrauchsmuster: "Claim 1 is the only real claim of the GM. Claim 2 incorporates by cross reference 'the shape, disposition and arrangement reflected by the drawing and the specification.' However, to allow such a cross reference would defeat the limited use which this court has concluded must be made of the GM."

We do not agree that allowing the obviously intended cross reference to the specifications here defeats the limitations to which Gebrauchsmusters are admittedly subject. We allow such cross reference not to increase the scope of

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what is patented by the Gebrauchsmuster claims but only to accomplish the task at hand of determining what it is that those claims patent.

The use of GM specifications which we here find proper is fully supported by the German practice. Under that practice, while claims are frequently used, they are not required, and the entire specification will be construed in determining what is patented. The advisory explanations accompanying the German Regulations regarding "the application for Gebrauchsmuster" provide:

> "Indication of Novelty.
>
> According to sec. 2 paragraph 2 of the statute, the application must specify 'what purpose of work, or utility, the new form or device is intended to serve.' Since this indication is of importance for the range of the legal protection corresponding with the recording, applicant will do well in many cases, even tho the law does not prescribe the setting of a protection claim, to summarize separately from the description, in the type of construction of a patent claim, the legally protectable characteristics of the model." Patents and Gebrauchsmuster in International Law, Emerson Stringham, Pacot Publications, Madison, Wisconsin, 1935, p. 248.

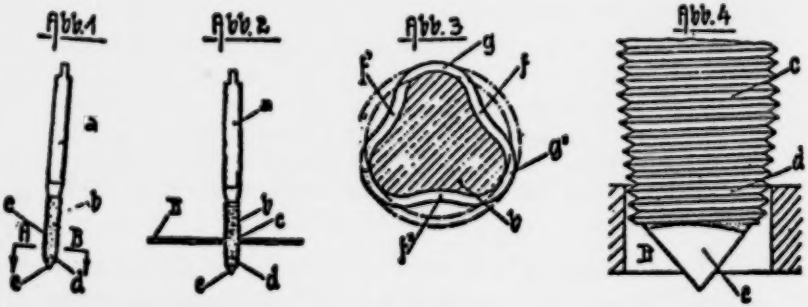
Stringham comments:

> "Scope of protection involves much the same problems which arise everywhere in patent law. The German statute requires no claim for Gebrauchsmuster. The tendency, during a decade or so, of the Reichsgericht to hold itself not bound by the statutory claim of the long-term patent, finds freer play with Gebrauchsmuster; * * *." *Id.* at 255.

Having concluded that what is patented by Gebrauchsmuster Patent 1,455,626 should have been determined by construing its claims in the light of its specifications rather than on the bare words of the claims, it becomes

necessary to determine whether that patent, properly construed, does anticipate, and thus invalidate, plaintiff's Patent Re. 24,572 in suit.

Plaintiff's expert testified, and the district court found, that on its construction of the GM, the GM lacked several elements claimed by plaintiff's reissue patent. The first element found wanting was a "continuous thread * * * of substantially equal depth taken in all planes intersecting the axis of said tool longitudinally thereof * * *." This element is clearly present when the claims of the GM are read in light of the specifications and drawings. Claim 1 of the GM calls for "a continuous, *i.e.*, uninterrupted thread along the circumference of [the tap's] thread cross section (b, c, d) * * *," and specifically notes that the thread continues through the "depressions (f, f', f")" of the tool which "have the thread extend over their circumferential surface in the profiling of the thread to be cut * * *." The GM specifications note that the entire thread shaft is "continuously covered with a thread which, as far as its profile and its pitch are concerned, is equivalent to the thread to be cut." Figure 3 of the GM drawing, reproduced below clearly shows a uniform tooth depth.



Two further elements the trial court found wanting in the GM relate to the tapered end portion of plaintiff's tap.

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One element describes the tapered portion and the second element provides for a continuous thread between the tapered portion and the cylindrical portion of the tap. Once again, these elements are clearly disclosed by the GM, properly construed. Claim 1 of the GM calls for an "uninterrupted thread along the circumference of [the tap's] thread cross section (b, c, d) * * *." The required reference to "(b, c, d)" on the GM drawings shows that the thread cross section of the GM is indeed tapered and confirms that the thread is continuous between the tapered and the cylindrical portions of the thread cross section. Plaintiff does not contest the fact that these two elements are contained in the GM if reference may be had to the specifications and drawings.

The final element found wanting in the GM by the trial court relates to making the tap of appropriate size for the drilled hole it is going to tap, "the extreme pitch diameter of the thread on the cylindrical portion being generally of the order of the diameter of the cylindrical surface to be threaded." What this means is that the tap should not be used in a hole the size of the maximum crest diameter since it would not form any threads nor should it be used in a hole as small as the root diameter since there would be no space for the metal displaced from the walls of the hole to flow; rather it should be used in a hole about midway between the two. The GM drawing, Fig. 4, shows a pitch diameter slightly larger than the hole to be tapped, but appears to be "of the order of the diameter of the hole." In any event, the GM specification contemplates that the pitch diameter be adequate so that metal may be displaced inwardly. Furthermore, we think it would be obvious to one using such a tap that it would have to be used in a hole small enough to allow the swaging lobes to come in contact with the metal to be swaged and large enough to permit a space between the inner surface of the metal and

the root of the tap into which excess metal can be displaced as the thread is formed.

Thus we conclude that all claims of the plaintiff's reissue patent can be found in the Gebrauchsmuster Patent 1,455,626 which was issued more than one year prior to plaintiff's application for its patent. We hold that the claims of plaintiff's Patent Re. 24,572 are invalid because of anticipation by the 1939 GM.

The district court also erred in concluding that the reissue patent was not invalid for obviousness in view of the prior art under 35 U. S. C. A. § 103.[2] This error resulted from the court's error of law as to the interpretation of the Gebrauchsmuster. Consistent with its interpretation of the GM for purposes of anticipation, it held that only the claims of the GM could be referred to on the obviousness issue. We have held that, on the facts of this case, the specifications as well as the claims are part of the prior art. In view of this prior art, we hold that the reissue patent is also invalid under Section 103.

Defendants urged several other grounds for the invalidity of the reissue patent in the trial court. All were rejected. Among these grounds were contentions that the reissue patent was anticipated by certain German literature and by various sales of taps in this country and that the reissue was obvious in light of the prior art taught by

2. "§ 103. Conditions for patentability; non-obvious subject matter

"A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made."

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such literature and earlier tools. Since we have concluded that the reissue patent is invalid under the GM prior art, we need not reach these other contentions.

PATENT RE. 24,572—INFRINGEMENT.

Since we have concluded that the reissue patent is invalid, it follows that the district court's determination that defendants' tap infringes it must be reversed. An invalid patent cannot be infringed. *Scovill Mfg. Co.* v. *Goldblatt Bros., Inc.*, 7 Cir., 362 F. 2d 777, 781 and cases cited therein.

We note, however, that had we found the reissue patent valid, the finding of infringement would have been affirmed. The district court found infringement under the doctrine of equivalents. *Graver Tank & Mfg. Co., Inc.* v. *Linde Air Products Co.*, 339 U. S. 605 (1950). The finding of equivalency is one of fact and will not be set aside unless clearly erroneous within the meaning of Rule 52(a), Federal Rules of Civil Procedure. *Graver Tank, supra* at 609-10. We conclude that the finding here is supported by the record and defendants do not seriously contend that it is not.

However, defendants maintain that there is a file wrapper estoppel in the instant case which precludes the application of the doctrine of equivalency. The district court concluded there was no such estoppel here. It appears to us that the court reviewed both relevant files and applied the correct law in finding no estoppel. After careful consideration, we are not persuaded by defendants' contentions to the contrary.

PATENT NO. 3,050,755—VALIDITY.

The district court held plaintiff's '755 method patent invalid for plaintiff's own sales and the consequent public use more than one year prior to the application for patent. 35 U. S. C. A. § 102(b), *supra*. It found that when plaintiff's tap is used in the recommended manner, it inherently practices the '755 method. Plaintiff's taps were on sale and in public use in June, 1956. The application which resulted in the '755 patent was not filed until July 23, 1958.

Plaintiff concedes that "the District Court's holding of invalidity of the '755 patent because of such sales * * * is correct, *unless* the '755 patent is entitled to the April 3, 1956 filing date of the first filed swaging tap application." (Emphasis added.) It claims the earlier filing date by virtue of 35 U. S. C. A. § 120[3] which provides that an application for an invention shall have the benefit of the filing date of an earlier application under certain circumstances.

To come within the purview of Section 120, the later application must 1) disclose an invention disclosed in the manner provided in 35 U. S. C. A. § 112 in an earlier application; 2) be by the same inventor; 3) be filed before the patenting of the earlier application; and 4) contain a specific reference to the earlier application. *Technicon*

3. "§ 120. Benefit of earlier filing date in the United States

"An application for patent for an invention disclosed in the manner provided by the first paragraph of section 112 of this title in an application previously filed in the United States by the same inventor shall have the same effect, as to such invention, as though filed on the date of the prior application, if filed before the patenting or abandonment of or termination of proceedings on the first application or on an application similarly entitled to the benefit of the filing date of the first application and if it contains or is amended to contain a specific reference to the earlier filed application."

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Instruments Corp. v. *Coleman Instruments Corp.*, 7 Cir., 385 F. 2d 391, 393 (1967).

The district court found the first condition was not satisfied in the instant case for the reason that the earlier application did not disclose the invention in the manner required by Section 112, which, in relevant part, provides: "The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same, and shall set forth the best mode contemplated by the inventor of carrying out his invention."

The disclosure of the method invention in the first filed swaging tap application of April, 1956, consisted of a single paragraph which contained essentially a description of how the tap was to be used rather than a description of a method of forming threads. This method was set out in detail for the first time in the 1958 method patent application and covered seven paragraphs in addition to the one contained in the 1956 application. The district court held that when these descriptions are compared, "it becomes reasonably clear that the disclosure of the original patent does not satisfy the requirements of § 112."

Plaintiff, however, asserts that the earlier application did disclose the method for the reason that "the mere disclosure of a device which inherently performs a function in a patent application also by necessity discloses that function * * *." It relies mainly on *Technicon Instruments Corp.* v. *Coleman Instruments, Inc.*, 255 F. Supp. 630, 640-41 (N. D. Ill. 1966), *aff'd.*, 7 Cir., 385 F. 2d 391,

393 (1967). Other cases cay be cited for this same general proposition.[4]

However, these cases do not support plaintiff's contention that the '755 patent is entitled to the filing date of the first filed tap application. They deal with a basically different situation. They are relevant when explanatory material is added to a pending application to clarify the invention claimed in such application. Typically they deal with amendments to applications which have been rejected under 35 U. S. C. A. § 132.[5] That section provides for reexamination of applications after amendment but states: "No amendment shall introduce new matter into the disclosure of the invention."

In essence, the issue under consideration in the instant case is whether there was *adequate disclosure* in the original tool application to support the separate and distinct method invention. Here plaintiff does not seek merely the right to clarify overly broad or ambiguous claims.

4. *Weller Mfg. Co.* v. *Wen Products, Inc.*, 7 Cir., 231 F. 2d 795, 799 (1956); *Binks Mfg. Co.* v. *Ransburg Electro-Coating Corp.*, 7 Cir., 281 F. 2d 252, 257 (1960); *Illinois Tool Works, Inc.* v. *Continental Can Company, Inc.*, 273 F. Supp. 94, 101-04, *aff'd*, 7 Cir., 397 F. 2d 517, 520 (1968); *Oelbaum* v. *Lovable Co.*, 211 F. Supp. 594, 602 (S. D. N. Y. 1962); *Baldwin-Lima-Hamilton Corp.* v. *Tatnall Measuring Systems Co.*, 169 F. Supp. 1, 21 (E. D. Pa. 1958); *Interchemical Corp.* v. *Watson*, 145 F. Supp. 179, 182, *aff'd*, D. C. Cir., 251 F. 2d 390 (1958). See also *Marconi Wireless Co.* v. *United States*, 320 U. S. 1, 34 (1942). But *cf. Schriber-Schroth Co.* v. *Cleveland Trust Co.*, 305 U. S. 47, 58-59 (1938).

5. "§ 132. Notice of rejection; reexamination

"Whenever, on examination, any claim for a patent is rejected, or any objection or requirement made, the Commissioner shall notify the applicant thereof, stating the reasons for such rejection, or objection or requirement, together with such information and reference as may be useful in judging of the propriety of continuing the prosecution of his application; and if after receiving such notice, the applicant persists in his claim for a patent, with or without amendment, the application shall be reexamined. No amendment shall introduce new matter into the disclosure of the invention."

Rather, it seeks to use the concept of "inherent disclosure" in a manner which will result in extending its monopoly beyond the limits of the originally claimed invention.

We conclude, under the record before us, that the inherent disclosure relied upon by plaintiff is not adequate to meet the disclosure requirements of Section 112, *supra*. It necessarily follows that the requirements of Section 120, *supra*, have not been met.

Accordingly, we hold the finding of the district court that plaintiff's method patent is not entitled to the April, 1956, filing date of the first filed swaging tap application is not clearly erroneous. We hold that plaintiff's Patent No. 3,050,755 is invalid by reason of its prior public use and plaintiff's sales in June, 1956.

PATENT NO. 3,050,755—INFRINGEMENT.

Again we note that an invalid patent cannot be infringed and hold the invalid method patent is for that reason not infringed by defendants' tap. *Scovill Mfg., supra.*

However, if the method patent were valid, defendants' tap would infringe. The district court so held applying the doctrine of equivalency. As stated above, the finding of equivalency is one of fact and our review is limited by Rule 52(a), Federal Rules of Civil Procedure.

Claims 1 and 2 of the method patent describe a tap capable of applying pressure at "pressure areas * * * equally circumferentially spaced" on the cylindrical surface being swaged. The district court rejected defendants' contention that since their tap is incapable of applying such pressure, it cannot infringe. The court concluded that the only reason for this was the presence on defendants' tap of a groove which caused its lobes to be unequally spaced. This, the court found, made no difference in the operation of defendants' tap which would prevent it from

infringing plaintiff's method patent. This conclusion is amply supported by testimony of plaintiff's expert which the court found uncontradicted by any testimony offered by defendants.

In the trial court, defendants further urged that Claims 1 and 3 require a tap whose threads along the whole of the cylindrical section apply equal pressure intensity as that applied by the last pressure area on the tapered lead section of the tap. They assert their tap is incapable of applying pressure in this manner since only the first lobe of its cylindrical section does any work.

The district court held that defendants were incorrectly interpreting the language of the claim. It held that when the claims were read in light of the specifications, they meant "that the pressure areas in the cylindrical section are equal in size and in pressure-applying *ability* as the last lobe on the tapered section * * * not * * * that all the threads on the cylindrical section actually apply the same pressure as the last lobe on the tapered section." We agree that this is the correct interpretation of the claim language. When the claims of the method patent are so interpreted, the court's finding of infringement by equivalency is not clearly erroneous.

Defendants' Counterclaim—Alleged Antitrust Violations.

Defendants' counterclaim to plaintiff's infringement suit charges two violations of federal antitrust laws. First, defendants contend that plaintiff violated Section 2 of the Sherman Act by "illegal procurement and enforcement of patents." They rely upon *Walker Process Equipment, Inc.* v. *Food Machinery & Chemical Corp.*, 382 U. S. 172 (1965). That reliance is misplaced in this case. Walker decided a purely legal issue, as the following passages from the opinion indicate:

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"We have concluded that the enforcement of a patent procured by fraud on the Patent Office may be violative of § 2 of the Sherman Act provided the other elements necessary to a § 2 case are present. (*Id.* at 174.)

* * * * *

"As the case reaches us, the allegations * * * as to the fraud practiced * * * [by the patentee] * * * are taken as true. (*Id.* at 174-75.)

* * * * *

"* * * It must be remembered that we deal only with a special class of patents, *i.e.*, those procured by intentional fraud. (*Id.* at 176.)

* * * * *

"* * * [The patentee's] good faith would furnish a complete defense. This includes an honest mistake as to the effect of prior installation upon patentability —so-called 'technical fraud.' " (*Id.* at 177.)

Thus to prevail here, defendants must prove, what was assumed as true in *Walker,* that any misstatements by plaintiff in its patent applications were the products of intentional fraud and not good faith mistake. *See generally, Antitrust Developments—1955-1968—Supplement to Report of the Attorney General's National Committee to Study the Antitrust Laws, 1955,* pp. 167-69 (1968).

The district court specifically found that defendants had not met their burden of proving fraud on the patent office by clear and convincing evidence as required in *Armour & Co.* v. *Wilson & Co.,* 7 Cir., 274 F. 2d 143, 148 (1960). Our examination of the record leads us to conclude that such finding is not clearly erroneous and thus we accept it. Accordingly, the conclusion of the district court that this claim of antitrust violation is without merit should be approved.

Defendants next urge that even if all of plaintiff's patents were valid, plaintiff would be guilty of violations

of Sections 1 and 2 of the Sherman Act for the reason that they have misused their patents to extend the patent monopoly beyond the scope permitted by the Constitution and the Congress.

It is clear that the patent monopoly is one strictly limited and that contracts and agreements extending its scope may violate federal antitrust laws. *United States* v. *Univis Lens Co., Inc.*, 316 U. S. 241, 250 (1942). As stated by the Supreme Court, *United States* v. *Masonite Corp.*, 316 U. S. 265, 277 (1942): "The owner of a patent cannot extend his statutory grant by contract or agreement. A patent affords no immunity for a monopoly not fairly or plainly within the grant. * * * [I]t will not do to say that, since the patentee has the power to refuse a license, he has the lesser power to license on his own conditions."

Defendants assert that plaintiff has "blanketed" 75% of the swaging tap market and "smothered most competition" by means of sales and licensing agreements with its competitors. The licensing agreements give competitors the right to make and sell swaging taps. The sales agreements give other competitors the right to buy taps and to become licensees at their option. Each agreement contains irrevocable convenants binding the purchaser or licensee never to contest the validity of plaintiff's patents, even if the agreement is terminated. Defendants contend that this network effectively excludes them from 75% of the swaging tap market because no swaging tap user bound not to contest the validity of plaintiff's taps can afford to risk the possibility of an infringement suit by buying swaging taps from defendants.

The district court found no merit in this claim saying, *inter alia*, "* * * there has been no sufficient showing of an illegal combination to restrain trade. By dint of its valid patent Re. 24,572, the plaintiffs were entitled to the

limited protection afforded under the patent laws. This included the right to license others to manufacture the patented tap. It is inappropriate to denominate this conduct as 'conspiratory' or 'monopolistic'."

In this rather summary fashion the trial court brushed aside the charge that plaintiff had violated Sections 1 and 2 of the Sherman Act, finding that *United States* v. *Masonite Corp.*, 316 U. S. 265 (1942), was not applicable.

While it is true that a valid patent does afford some "limited protection," including "the right to license others to manufacture the patented tap," this is no answer to the thrust of defendants' contention that the licensor may not thereby forever preclude the licensee from challenging the validity of the patent. By requiring such a condition in the license or sales agreement, plaintiff may have placed itself in the position of unlawfully exceeding the protected area.

Further, subsequent to the judgment of the district court under consideration here, the Supreme Court in *Lear, Inc.* v. *Adkins*, 395 U. S. 653 (June 16, 1969), at 668-671 overruled the holding of *Automatic Radio Manufacturing Co., Inc.* v. *Hazeltine Research, Inc.*, 339 U. S. 827, 836 (1950), insofar as it invoked a legally implied estoppel to deny a licensee the right to challenge the validity of his licensor's patent in a suit for the collection of royalties. The Court's decision is rationalized almost exclusively in terms of "the strong federal policy favoring free competition in ideas which do not merit patent protection." *Id.* at 656.

The Court concluded that even a good-faith patentee-licensor should not be given the benefit of the estoppel doctrine since even in such cases the strong public policy reflected in the "federal law [that] requires that all ideas in general circulation be dedicated to the common good

unless they are protected by a valid patent" overrides the equities of the licensor. The Court said: "Surely the equities of the licensor do not weigh very heavily when they are balanced against the important public interest in permitting full and free competition in the use of ideas which are in reality a part of the public domain. Licensees may often be the only individuals with enough economic incentive to challenge the patentability of an inventor's discovery. If they are muzzled, the public may continually be required to pay tribute to would-be monopolists without need or justification." *Id.* at 670.

The Court then went on to hold that the licensee would not be required to pay royalties accruing before an adjudication of invalidity even though that is what the express contract of the parties provided. Again the Court found such a result might frustrate federal policies favoring free competition. *Id.* at 673-674.

From all this we can only conclude that the right to estop licensees from challenging a patent is not part of the "limited protection" afforded by the patent monopoly. Furthermore, the reason is that it creates a danger of unwarranted monopolization. Such danger may be even greater here than in the usual licensee-estoppel case for the reason that in the instant case the licensor sought to create an irrevocable estoppel, not one merely extending during the life of the licensee and sales agreements.

The parties did not address themselves to the relevance, if any, of *Lear* in the present appeal, and, of course, it could not have been considered by the district court. Under these circumstances, we feel it should be first presented to the trial court for its consideration.

In light of our holding that Patent Re. 24,572 is invalid and the recent Supreme Court decision in *Lear*, we have

concluded that the portion of the judgment below dismissing defendants' antitrust counterclaim should be vacated and the case remanded for reconsideration of that issue.

Other Issues.

In addition to its infringement claims, plaintiff also charges defendants with appropriation of its trade secrets. The district court carefully applied the governing Wisconsin law to the unfair competition claim by reason of its diversity jurisdiction. *Erie R. R.* v. *Tompkins*, 304 U. S. 64 (1938). It concluded that while the information disclosed by plaintiff constituted trade secrets, no confidential relationship existed between the parties. Such a relationship is required to state a cause of action under Wisconsin law. *Abbott Laboratories* v. *Norse Chemical Corp.*, 33 Wis. 2d 445, 147 N. W. 2d 529 (1967).

The record fully supports this finding and the court's conclusion that plaintiff did not sustain its burden of proving defendants appropriated trade secrets. The court noted plaintiff took no adequate precautions to protect its trade secrets from the defendants whom it should have regarded as potential competitors in the tap manufacturing business. The court specifically found there was not sufficient testimony to establish the existence of a joint venture which plaintiff now urges as the basis for the required confidential relationship. We agree and hold defendants are not liable for appropriation of plaintiff's trade secrets.

Plaintiff claims the trial court erred in dismissing Van Vleet as an individual defendant and in denying its request for treble damages and attorneys' fees. Defendants, on appeal, seek an award of their attorneys' fees.

We have carefully considered these issues and the record pertinent thereto and find that each of such claims is with-

out merit. The trial court did not err in so ruling and we do not find adequate grounds for making an award of attorneys' fees to defendants.

In sum, on consideration of the foregoing, we conclude:

In No. 17343, that part of the judgment of the district court holding Patent Re. 24,572 to be valid and infringed is reversed; that part of the judgment dismissing defendants' antitrust counterclaim is vacated and set aside and this cause is ordered remanded to the district court for a reconsideration of such counterclaim; and defendants' claim for attorneys' fees is denied.

In No. 17344, the judgment of the district court is affirmed.

REVERSED IN PART.
VACATED IN PART AND REMANDED.
AFFIRMED IN PART.

APPENDIX B.

* * (Caption No. 64-C-170) * *

OPINION.

The plaintiffs have charged the defendants with infringement of U. S. Patents Re. 24,572 and 3,050,755. In addition, the defendants are charged with appropriation and use of plaintiffs' trade secrets. The original plaintiff was Besly-Welles Corporation, an Illinois corporation. The defendants are Balax, Inc., a Wisconsin corporation, and John M. Van Vleet, an individual and a resident of Wisconsin. The court has jurisdiction under the patent laws of the United States.

After the suit was commenced, the assets of Besly-Welles were acquired by the Bendix Corporation, and the name was changed to Sellew Corporation. A new corporation, Besly-Welles, was also organized under the laws of the state of Delaware; all of the assets and patent of Sellew were transferred to this new company. The court will refer to the plaintiffs collectively as Besly.

The defendants have alleged, in addition to non-infringement of each patent, that both are invalid for several reasons. The individual liability of Van Vleet is denied. The defendants also have entered a counterclaim charging the plaintiffs with violation of the antitrust laws.

Both patents in suit relate to a device known as a fluteless swaging tap. The reissue patent (Re. 24,572) covers the tool itself and the 3,050,755 patent is concerned with the method performed by the tool. The tools involved in this litigation are used to form internal threads in metal. A common use would be to form the internal threads in a

nut so that a bolt may be inserted. Prior to the development of the particular type of tool in suit, devices known as cutting taps were used to carry out this function.

The cutting or fluted type of tap actually removes portions of the metal to form the threads, whereas the taps in suit "swage" or displace the metal surrounding the hole into which the tap has been inserted. This method is said to be more economical and easier to perform. The taps have a longer life than cutting taps and there are no metal chips to remove when the job is completed.

Patent Re. 24,572 is a reissue of U. S. Patent 2,807,813. This tap has a shank and a threaded section. The threaded section has a cylindrical portion where the threads are substantially the same diameter and a tapered end portion where the threads are of reduced diameter. The threads have high spots or lobes with relieved areas in between these high spots. It is the lobes that do the actual swaging work since the relieved areas are out of contact with the material being formed. When used, the tool is rotated into a hole and the lobes force their way through the hole. The displaced metal takes the shape of the tap threads.

The '755 patent will also be referred to by the court as the method patent. The method of this patent is performed when the tool of the reissue patent is used in the prescribed manner. The method claims describe the application of pressure from the tap threads and the movement of the metal as it conforms its shape to that of the tap thread.

Presumption of Validity.

Every patent is presumed valid. The burden of establishing the invalidity of a patent rests with the party asserting it. 35 U. S. C. § 282. This statutory presumption "is only overcome by clear and cogent evidence of invalid-

ity". Ortman v. Maass, 391 F. 2d 677, 681 (7th Cir. 1968); Leach v. Rockwood & Co., ... F. 2d ..... (7th Cir. 1968). This presumption of validity has been attributed to the technical and legal expertise of the patent office. See Technicon Instruments Corp. v. Coleman Instruments, Inc., 255 F. Supp. 630 (N. D. Ill. 1966). However, this presumption can be weakened by introduction of prior art which was not before the patent office. Leach v. Badger Northland, Inc., 385 F. 2d 193 (7th Cir. 1967); A R Inc. v. Electro-Voice, Inc., 311 F. 2nd 508, 512 (7th Cir. 1962).

Is Patent Re. 24,572 Valid?

The defendants attack the validity of the reissue patent under 35 U. S. C. § 102(b).

> "§ 102. Conditions for patentability; novelty and loss of right to patent.
>
> A person shall be entitled to a patent unless—
>
> (b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of the application for patent in the United States, or . . ."

The defendants have cited five prior references which are alleged to be anticipatory under the above section:

1. Three are German references, and they concern a tap produced by Ernst Reime. They are the Gebrauchsmuster (hereinafter referred to as GM), the Klepzigs Anzeiger and the Noris catalogue. It is claimed that the German references are anticipatory because the invention was patented and described in a printed publication in a foreign country.

2. The other two references are drawings and taps produced from those drawings by Pratt & Whitney and Detroit Tap & Tool. The defendants claim that the tools

made by these two companies were in public use or on sale more than one year prior to the application for the reissue patent.

Anticipation must be shown by clear and convincing evidence. The burden is on the party seeking to have the patent declared invalid. Illinois Tool Works, Inc. v. Continental Can Company, 273 F. Supp. 94 (N. D. Ill. 1967), affirmed at ..... F. 2d ..... (7th Cir. 1968). In the Illinois Tool Works case, the trial court stated that the test of anticipation is framed in terms of identity between the prior device and the patented invention; that the disclosure in the prior art must be of a thing substantially identical with the claimed invention. The defense of anticipation was considered in the recent cases of Shea v. Blaw-Knox Co., 388 F. 2nd 761 (7th Cir. 1968) and Amphenol Corporation v. General Time Corporation, ... F. 2d ..... (7th Cir. 1968). In the latter case, the court said:

> "As a rule, in order to have anticipation, all of the elements of the patented device or their equivalents must be found in a single prior device. Firestone v. Aluminum Co. of America, 6 Cir. 1960, 285 F. 2nd 928, 930; Allied Wheel Products v. Rude, 6 Cir., 1953, 206 F. 2d 752, 760. But it is sufficient if the general aspects are the same and the difference in minor matters is only such as would suggest itself to one of ordinary skill in the art. I Walker on Patents (Deller, 2d ed.) § 77 at page 363, citing Model Bottling Machinery Co. v. Anheuser-Busch Brewing Assn., 8 Cir., 1911, 190 Fed. 573, 579, cert. den. 223 U. S. 732, 32 S. Ct. 528."

In the Illinois Tool Works case, the district court stated that it was not proper to combine various prior art references with regard to the defense of anticipation. As that court said on page 106:

> "A patent or publication 'is to be measured as anticipatory, not by what might be made out of it, but by what it clearly and definitely discloses.' "

The court will therefore consider each of the prior references cited separately to see if any of them anticipates the reissue patent's subject matter.

The Gebrauchsmuster is a lesser type of German patent issued for petty or useful models and designs. There is no requirement of non-obviousness in order to obtain a GM, and its purpose is to enable the applicant to obtain speedy protection for a new article. After registration, the specifications and claims become available to the public. See Reeves Brothers, Inc. v. U. S. Laminating Corp., 157 USPQ 235 (E. D. N. Y. 1968). It has been stated that a GM can be used as references as prior patents, but not as prior printed publications. Manual of Patent Examining Procedure, § 901.05(b), 3rd ed. (Rev. Oct. 14, 1967). Since a GM qualifies for anticipation only as a foreign patent, its disclosure is limited to its claims, and its specifications cannot be used. The Reeves court discusses several cases in regard to the anticipatory effect of a GM and concludes as follows on page 250:

> "[16] The Court concludes that for anticipation purposes under Section 102 a GM, which is a foreign patent but not a printed publication, is a reference only for what is patented, i.e., for what it claims and not for what is disclosed in its specifications. This is consistent with the language of Section 102(a) and (b) which juxtaposes 'patented * * * in a foreign country' with the phrase 'described in a printed publication in * * * a foreign country'. To permit the effect of such a foreign patent to extend beyond what is actually patented, would appear to indirectly effectuate a form of use and knowledge in a foreign country which is not statutorily allowable as an anticipatory reference to an American patent."

For a contrary position the defendants cite the case of American Infra-Red Radiant Co., Inc. v. Lambert Industries, Inc., 360 F. 2d 977 (8th Cir. 1966); there the court

used the GM as a reference for what was disclosed in its specifications as well as its claims. However, in that case, the GM was being used to invalidate a patent under 35 U. S. C. § 102(d) which relates to the invention having been patented by the applicant in a foreign country more than one year before filing for application in the United States. The court stated that if an applicant can use his foreign patent to obtain the benefit of an earlier filing date to establish its priority under 35 U. S. C. § 119, the applicant should also be subject to the disadvantages imposed under § 102(d). This court concludes that the holding of the Infra-Red Court as regards use of a GM as a prior reference is not applicable to the case at bar. The Reime GM shall be used by this court only for what is disclosed in its claims.

Claim 1 is the only real claim of the GM. Claim 2 incorporates by cross reference "the shape, disposition and arrangement reflected by the drawing and the specification." However, to allow such a cross reference would defeat the limited use which this court has concluded must be made of the GM.

Plaintiffs' expert, Mr. Fishleigh, compared claim 5 of the reissue patent with claim 1 of the GM. He testified and illustrated by a chart (PX 195) that elements 1, 2, 1a and 2 a of claim 5 are not found in the GM. The court concludes that the test of substantial identity between the GM's subject matter and the subject matter of the reissue patent has not been met by clear and convincing evidence.

The first of the German publications is the Noris catalogues. This was put out by Ernst Reime. In regard to its disclosures, Mr. Fishleigh indicated with the same chart (PX 195) that the above elements of claim 5 are also not disclosed by the Noris catalogue.

The second German publication, the Klepzigs Anzeiger,

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contains an article about the Reime tap. Mr. Fishleigh testified that it had exactly the same disclosures as the Noris catalogue except for one element; he stated that element 1a of claim 5 was disclosed. This says that the pitch diameter of the thread on the cylindrical portion of tool is generally the same as the hole size into which the tool will be turned.

The defendants' expert, Mr. Spangenberg, was of the opinion that the foreign references did anticipate the subject matter of the reissue patent. However, his testimony shows that he considered all three references together. His position on each of the references separately is not known.

The defendants also offered the testimony of Mr. Gartner, an engineer for the Reime company, but the court is of the opinion that his testimony goes more to the question of obviousness under 35 U. S. C. § 103 than to the question of anticipation. It does not satisfy the standard of anticipation but could be used for what a person ordinarily skilled will be discussed later in this opinion.

The court concludes that the defendants have not met their burden of proof in showing that the GM, the Klepzigs Anzeiger or the Noris catalogue anticipate the subject matter of the reissue patent.

The defendants also rely on alleged prior use or sale of tools made by Pratt & Whitney and Detroit Tap as being anticipation of the reissue patent. It is claimed that both companies made and supplied swaging tools to Fisher Body Division of General Motors in 1950. This is more than one year prior to the application of the reissue patent which is entitled to the application date of patent 2,807,813 of which it is a reissue. The application for the parent patent was April 3, 1956.

In conjunction with the Pratt & Whitney tools, two

documents are in evidence. These documents represent the drawings from which the tools manufactured in 1950 were made (DX 100 and 101). Also, two physical exhibits (DX 102 and 103) allegedly represent tools made by Pratt & Whitney from these drawings. However, it is not clear from this record that these two tools were actually made in 1950.

Regarding Detroit Tap, there are eight drawings in evidence (DX 264A, 265A, 266A, 267A, 268A, 269A, 270A and 271A). There are no physical exhibits which represent taps made by Detroit Tap in 1950, but the company at a later date made a tap which it is claimed was made pursuant to the last drawing in the series of eight (physical exhibit DX 272). This tap was supplied by Detroit Tap to both parties. In addition, plaintiffs' expert testified that he made taps pursuant to the above drawings (DX 100, 101 and 271A) and conducted experiments with them.

The plaintiffs characterize what Pratt & Whitney and also Detroit Tap were doing in 1950 as experimental. They maintain this because a relatively few orders of taps were sent to Fisher Body. These taps did not work out, according to the plaintiffs, and Fisher Body went back to using cutting taps. The defendants argue that both concerns were in the business of manufacturing and selling taps and that they were not experimenting.

In my opinion, Fisher Body was experimenting with swaging taps. The taps were sent to the "process development department" of Fisher Body by Pratt & Whitney and Detroit Tap. They were supplied only over a ten month period in 1950, and Detroit Tap furnished eight different models. After this, Fisher Body went back to using cutting taps.

While I believe that Fisher Body was experimenting with swaging taps, it does not necessarily follow that what

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Pratt & Whitney and Detroit Tap were doing was also experimental. Referring to subsection (b) of the statute, the court in George R. Churchill v. American Buff Company, 365 F. 2d 129, 134 (7th Cir. 1966) stated:

> "A use involving public disclosure if not solely to test the qualities of the invention, and for the purpose of experiment, does not avoid the bar of the statute."

The court in Cloud v. Standard Packaging Corp., 376 F. 2d 384, 390 (7th Cir. 1967) defined public use as follows:

> "Except for purely experimental use, 'Public use may properly be defined as any utilization of the invention by one other than the inventor where the user is under no limitation, restriction or obligation of secrecy to the inventor.' "

A single public use is sufficient to render a patent invalid and the burden is upon the one asserting invalidity by prior public use to establish it by "clear, cogent and satisfactory proof to remove all reasonable doubt." McCullough Tool Company v. Well Surveys, Inc., 343 F. 2d 381, 394 (10th Cir. 1965). See also Devex Corp. v. General Motors Corp., 321 F. 2d 234 (7th Cir. 1963).

The defendants argue that the experimental use doctrine applies only to the inventor and cite in support of this position Monolith Portland Midwest Company v. Kaiser Aluminum Corp., 267 F. Supp. 726, 785 (S. D. Calif. 1967). The Monolith court stated that the doctrine "applies to experiments conducted by the inventor to enable him to perfect his inventions before applying for a patent." However, this doctrine has been applied to those other than the inventor. See Kraft Foods Company v. Walther Dairy Products, 118 F. Supp. 1 (W. D. Wis. 1954).

I believe that the experimental use doctrine should be applied to what both companies were doing. During the course of their dealings with Fisher Body in 1950, Detroit

Tap supplied them with eight different models of swaging taps. Fisher Body apparently did not find that any of the tools were suitable for their purposes since they went back to cutting taps. The Pratt & Whitney orders were characterized as experimental (although the defendants state that this was to distinguish them from wholesale production). In addition, both of these concerns now buy their swaging tap requirements from the parties to this litigation. It is reasonable to conclude that both Pratt & Whitney and Detroit Tap were attempting to develop an operable swaging tap of commercial value. They failed.

Furthermore, the evidence establishes that the taps of both of these concerns do not measure up to the Besly tap. Mr. Fishleigh made and tested taps corresponding to the drawings of Pratt & Whitney and Detroit Tap. The results of his tests indicate that the Pratt & Whitney tap required two to three times the torque of the present Besly and Balax taps. The Detroit Tap tools required three to four times the torque. Mr. Van Vleet testified that five percent difference in torque would be a difference he would be proud to obtain. Also, the prior taps would not work in stainless steel, which is a common material for swaging tap operation. It was Mr. Fishleigh's conclusion that the taps made in accordance with the drawings were not suitable for commercial use.

The defendants have not established by clear and convincing evidence that there was public use or sale under § 102(b).

As another attack on the validity of the reissue patent, the defendants rely on 35 U. S. C. § 103:

> "§ 103. Conditions for patentability; non-obvious subject matter.
>
> A patent may not be obtained though the invention is not identically disclosed or described as set forth in

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section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made."

Whereas § 102 is concerned with the novelty of the invention, § 103 offers a more practical test of patentability. The determination of "non-obviousness' is made after establishing the scope and content of the prior art, the differences between the prior art and the claims in issue, and the level of ordinary skill in the pertinent art. Graham v. John Deere of Kansas City, 383 U. S. 1, 12 (1966). This test for obviousness has been applied in many recent decisions. Ortman v. Maass, 391 F. 2d 677, 680 (7th Cir. 1968); National Dairy Products Corp. v. Borden Co., 394 F. 2d 887, 889 (7th Cir. 1968); Amphenol Corporation v. General Time Corporation, ... F. 2d ..... (7th Cir. 1968); U. S. Gypsum Co. v. National Gypsum Co., 387 F. 2d 799 (7th Cir. 1967); Technicon Instruments Corp. v. Coleman Instruments, Inc., 255 F. Supp. 630 (N. D. Ill. 1966).

The court has determined that the references cited by the defendants do not anticipate the reissue patent under § 102, but this does not preclude their use under 103. Monroe Auto Equipment Company v. Heckethorn Manufacturing & Supply Company, 322 F. 2d 406 (6th Cir. 1964).

The defendants contend that the foreign references make the plaintiffs' tool obvious to one skilled in the art. For example, they maintain that anyone with such skill who looks at these references will see that the thread is of uniform depth throughout the circumstances of the tap or that the lead portion is tapered.

The Noris catalogue (DX 203) at fig. 305 shows a "NORIS Machine taps 'No Shaving'." This tap is also discussed in the article in the Klepzigs Anzeiger and shown in fig. 3 of that publication (DX 201 and the translation DX 202). When asked what the Noris drawing disclosed to a person skilled in the art, Mr. Gartner replied, "Anybody who looks at this figure and knows anything about how threads are made sees from this figure how it operates." (tr. 774).

The defendants further argue that for the tap to enter the material to be threaded as is indicated in the above references, the lead portion must be tapered. The defendants say that this fact can be easily ascertained by simply placing a straight-edge along the tap in the drawings. Mr. Spangenberg, on cross-examination, admitted that the publications do not have any written description that the tap has a tapered end section.

With regard to the GM and the issue of obviousness, it is only the claims that can be referred to. As was stated in the Reeves Case, supra, at page 251:

> "To treat the GM as a prior art reference under Section 103 for all it discloses would render the claims restriction of Section 102 meaningless because such treatment would accomplish indirectly what is proscribed directly. The legislative history of Section 103 makes clear that the term 'prior art' as used in that section refers only to 'what was known before as described in section 102'.... Therefore, the GM can be treated as a prior art reference under Section 103 only for what is claimed therein."

The specifications cannot be referred to, and, as was mentioned before, that is where Mr. Spangenberg targeted most of his testimony.

The testimony of neither Mr. Spangenberg nor Mr. Gartner convinces the court that the Besly patent is rendered

invalid because the subject matter was allegedly obvious under the claims of the GM or the two German publications.

In Copease Manufacturing Company v. American Photocopy Equipment Company, 298 F. 2d 772, 781 (7th Cir. 1961), the court stated:

> "A novel combination of old elements which so cooperate as to produce a new and useful result or a substantial increase in efficiency is patentable."

One can overcome old elements by inventiveness. United States v. Adams, 383 U. S. 39 (1966). It appears to the court that Besly has added inventiveness to whatever was disclosed in the Pratt & Whitney and Detroit Tap tools. The defendants have not convinced this court that the prior tools make the subject matter of the reissue patent obvious.

The commercial success of Besly tends to support the position that something novel was added to achieve the result they did. Nine prior arts were before the patent office, and there is no evidence that they achieved the commercial success that Besly and Balax did. The lack of commercial success of Pratt & Whitney and Detroit Tap has already been discussed. The plaintiffs have presented substantial evidence concerning the industrial acceptance of their tap. Stephen Cowell, a tool representative of the Ford Motor Company, stated that the Besly tap was new and revolutionary. Testimony of various tap manufacturers was offered to illustrate the advantages that the Besly swaging tap has over the cutting tap. The industrial acceptance of the swaging tap also indicates the long-felt need there was for a tap that functions more economically and efficiently.

It has been held that commercial success bolsters the validity of a patent. P & D Sales & Mfg. Company v. Winter, 334 F. 2d 830 (7th Cir. 1964). However, success in the market place is to be taken only as a secondary factor

in evaluation of the patent's validity. This is because there may be factors other than the novelty or non-obviousness of the invention which result in commercial success. Dymo Industries, Inc. v. Com-Tech, Inc., 391 F. 2d 335 (7th Cir. 1968). The court is of the opinion that the commercial success of the Besly tap helps to illustrate the novelty, non-obviousness as well as the utility of the subject matter of the reissue patent.

U. S. Patent No. 3,050,755 Is Invalid.

The defendants also challenge the validity of the method patent under § 102(b). They contend that the method was in public use for more than one year prior to the application for this patent. The defendants say that the method was in public use by means of sales to plaintiffs' customers which began June 13, 1956. The plaintiffs acknowledge that this is when sales of the Besly tap began. They also admit that the Besly tap will inherently practice the method claims of the '755 patent. Application for the method patent was not made until July 23, 1958. Plaintiffs' answer to this contention of the defendants is that the method claims were first disclosed in patent 2,807,813 and the '755 patent should have the benefit of the former's filing date, which was April 3, 1956. The plaintiffs attempt to show that the initial disclosures in application for 2,807,813 were carried over to '755.

35 U. S. C. § 120 reads as follows:

"120. Benefit of earlier filing date in the United States

An application for patent for an invention disclosed in the manner provided by the first paragraph of section 112 of this title in an application previously filed in the United States by the same inventor shall have the same effect, as to such invention, as though filed on the date of the prior application, if filed before

the patenting or abandonment of or termination of proceedings on the first application or on an application similarly entitled to the benefit of the filing date of the first application and if it contains or is amended to contain a specific reference to the earlier filed application."

This section gives a patent application the benefit of an earlier filing date if three basic requirements are met: 1) co-pendency of application; 2) cross-reference to the earlier application; and 3) continuity of disclosure. Illinois Tool Works, Inc. v. Continental Can Company, 273 F. Supp. 94 (N. D. Ill. 1967).

The plaintiffs present the following sequence: On April 3, 1956, application 575,733 was filed (this resulted in patent 2,807,813). On September 26, 1957, application 686-521 was filed and this application was co-pending with the former application (686,521 was later abandoned). While the second application was still pending, application 750,377 was filed on July 23, 1958 (this resulted in the '755 patent). The plaintiffs maintain that the entire disclosure of the first application was carried over to the second which, in turn, was carried over to the third.

The defendants' position is that the first application, 575,733, contains tap claims only. They say that the first disclosure of method claims was in the application for the method patent. As concerns the second application, 686,521, the defendants state that it initially did not contain method claims, but that such claims were added at the same time the method patent application was filed. They say that this is after 686,521 had received final rejection and just before it had been abandoned. The defendants base their position on Mr. Spangenberg's study of the pertinent applications and file wrappers. (DX 425, 426 and 427 illustrate his conclusions).

The threshold question is whether the 575,733 application discloses the method claims. If it does not, then the method patent is invalid because of prior public use under § 102(b). As mentioned before, the tap disclosed in application 575,733 will inherently practice the method claims. The plaintiffs contend that the mere disclosure of a device which inherently performs a function in a patent application also by necessity discloses that function, and that the application may be amended later to recite the function without introducing prohibited new matter. *Technicon Instruments Corp.* v. *Coleman Instruments, Inc.*, 255 F. Supp. 630 (N. D. Ill. 1966).

In addition to their contentions of no disclosure, the defendants also maintain that the method claims are merely a function of the tap itself and therefore cannot be patented. The defendant in the case of *Waxham* v. *Smith*, 294 U. S. 20 (1935) argued a similar position, and the court said that a method is not to be rejected as functional merely because the specifications show a machine capable of using it. In the case at bar, on two different occasions, as pointed out by plaintiffs, the patent office said that the method claims were to be separate from the claims regarding the tap itself.

The first of these occasions can be found in the 686,521 file wrapper (PX 108). On January 23, 1958, the patent office made a final rejection of the application. In response to that rejection, inventor Welles added claims 15 and 16, which were method claims. On page 24 of the file wrapper the patent office states the following with regard to the newly added claims:

> "The newly proposed claims are drawn to a method and therefore are to an invention distinct from and independent of the invention previously claimed. Therefore the claims and the amendment cannot be considered by the examiner."

On the other occasion, Mr. Welles, in his oath of May 28, 1958, during the prosecution of the reissue application (PX 68), stated that he intended the original patent to include method claims because one aspect of his invention was the material working method. The patent office, at page 27 of the file wrapper, recognized that the method claims would relate to a separate invention:

> "The several inventions are distinct each from the other because the method as defined by the claims of Group II can be practised by an apparatus differing materially from that defined by the claims of Group I."

These statements of the patent office indicate that the method claims do indeed embody a separate and patentable invention from that of the tap claims. The method should not be rejected as merely functional and therefore unpatentable.

35 U. S. C. § 120 states that the invention must be disclosed in the manner provided for in the first paragraph of § 112, which reads as follows:

> "The specifications shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same, and shall set forth the best mode contemplated by the inventor of carrying out his invention."

The following description as to how the tool described is to be used is found in patent 2,807,813:

> "In practice, my improved form of fluteless tap is preferably introduced in a previously bored hole 19 of a workpiece indicated at 20, which hole is of substantially the same diameter as the final pitch diameter of the thread as indicated in Figures 1 and 5. The tap is then rotated so as to screw it into the hole. The internal threads are formed by displacing the metal with

> a swaging action, as illustrated in an exaggerated diagrammatic manner in Figure 5. It has been demonstrated that due to the novel form of the tap thread with its radial relief, an interior thread may be produced in the work with greater ease, and with much less torsional effort and generation of heat, than with a tap of corresponding size without the radial relief which characterizes my invention."

This language remains unchanged from that initially placed in the application (see PX 70 at pages 3 and 4). The method patent is known as the "method of forming threads by applying sliding pressure." When the description above and the whole of the 2,807,813 patent are compared with the method claims expressed in '755, it becomes reasonably clear that the disclosure of the original patent does not satisfy the requirements of § 112.

Mr. Spangenberg in DX 430 points out portions of the '755 patent claims which are missing in previous applications. The patent office considered the method claims in application 686,521 and in the application for the reissue patent as independent of the invention claimed originally. Granted, disclosures in specifications are not to read identically with claim language, but considering all the above factors, it is difficult for the court to agree with the plaintiff's position on the disclosures of the 2,807,813 patent.

The method patent cannot receive the earlier filing date by virtue of the operation of § 120. Sales of plaintiffs' taps which would practice the method began June 13, 1956. The first satisfactory disclosure of method claims appeared more than one year after this, thus making the method in public use more than one year prior to application for the method patent. Therefore, I believe that the method patent is invalid.

The court has determined that the German references do not anticipate the tap under § 102(b). It is even clearer

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that they do not anticipate the method. Likewise, it is the opinion of this court that the tools made by Pratt & Whitney and Detroit Tap do not anticipate the method. Here, the lack of their efficient operability bears even greater weight on the question of anticipation.

The court duplicates these findings on the question of obviousness under § 103. None of the prior references relied on by the defendant establish by clear and convincing evidence that the method patent should be invalid for lack of non-obviousness.

THE BALAX TAP INFRINGES UPON THE CLAIMS OF RE. 24,572.

The basic test for patent infringement was set down in Graver Tank & Mfg. Company, Inc. v. Linde Air Products Company, 339 U. S. 605 (1950). The court stated that an accused device can infringe in two ways, either literally by falling clearly within the words of the claim, or by the doctrine of equivalents:

> "... 'if two devices do the same work in substantially the same way, and accomplish substantially the same result, they are the same, even though they differ in name, form or shape.' "

Graver, supra at 608. See also Ortman v. Maass, 391 F. 2d 677, 682 (7th Cir. 1968).

In the instant case, the accused device does not fall clearly within the words of the claim. Therefore, the plaintiffs must make out a case for infringement pursuant to the doctrine of equivalents. Whether or not the accused device infringes upon the patented tap centers around one area of conflict—the Balax tool does not have a continuous thread. Claim 5 of the reissue patent states that the device is "A fluteless thread forming tool for threading a generally cylindrical surface, the tool having a cylindrical portion with a continuous thread ..." The Balax tap does

not have such a thread because of its axially extending groove.

The plaintiffs state that the word "continuous" is in the claims to distinguish a swaging tap from a cutting tap. Cutting taps have flutes which provide a cutting edge and a reservoir for chips from the metal being cut in addition to providing a means for carrying lubricant to the working area.

Mr. Fishleigh testified on the basis of his comparative tests between the Besly and Balax tools that the latter's groove does not perform the first two functions of a flute on a cutting tap; it does, however, perform the function of carrying lubricant to the working area. It does not have an effect on the working of the tap since it is found in the relieved area of the tap. Mr. Fishleigh's tests also negate any alleged advantages of this groove. It does not lower the torque nor does it prevent high pressure buildup underneath the tap. Mr. Fishleigh's test illustrates no difference in torque between the two taps and only a slight pressure buildup differential. Mr. Fishleigh concluded that the Balax tap does substantially the same work and achieves substantially the same result as the Besly tap.

It is the conclusion of this court that the Balax tap is the equivalent of the Besly tap; the groove's presence does not prevent infringement.

The doctrine of equivalents does not operate, however, where there is file wrapper estoppel. This occurs where the patentee in the course of prosecuting his application inserts limitations to escape a prior art. Technicon Instruments Corp. v. Coleman Instruments, Inc., 255 F. Supp. 630 (N. D. Ill. 1966). These limitations must be given recognition when infringement is charged. Simmons Company v. A. Brandwein & Company, 250 F. 2d 440 (7th Cir. 1957). An invention is construed not only in light of the claims, but also with reference to the file wrapper or

prosecution history in the patent office. A narrowed claim can no longer cover what was previously eliminated. Graham v. John Deere Company of Kansas City, 383 U. S. (1966). See also Dixie Cup Company v. Paper Container Mfg. Company, 169 F. 2d 645 (7th Cir. 1948).

The defendants claim that file wrapper estoppel should apply to the word "continuous". They contend that this limitation was added to overcome rejections based on prior art. In addition, there is a conflict as to what is meant by the following language of claim 5:

> "... the threaded end portion being a non-interrupted continuation of the continuous thread on the cylindrical portion."

The defendants interpret this as meaning that there must be non-interrupted continuous threads on the threaded end portion of the tap. The plaintiffs interpret this as meaning that the end portion is threaded and is a continuation of the cylindrical portion which is also threaded, i.e., there is no interruption between the threads on the one and the threads on the other.

As concerns the word "continuous", the plaintiffs maintain that this word has always been in the claims of the original and the reissue patent; that it was not put in to overcome rejection based upon a prior art. An inspection of the file wrapper of patent 2,807,813 (PX 70) shows that this word has always been in the claims. Several amendments were made before allowance was given to this application, but none had to do with the threads' continuity. The attorney of record did, however, argue that the device was distinguished from some of the prior art because of its continuous thread. But these statements or arguments of an attorney during the prosecution of the patent application do not create file wrapper estoppel. This is because the patentee did not have to add the word "continuous" to his claims to overcome objections based

on prior art. See University of Illinois Foundation v. Block Drug Company, 133 F. Supp. 580 (E. D. Ill. 1955); York Ice Machinery Corp. v. L. & K. Ice Corp., 6 F. Supp. 544 (S. D. N. Y. 1934).

In regard to the disputed claim language of claim 5, it was added to the reissue claims after final rejection. The attorney of record states that this amendatory change was suggested by the examiner. (PX 68 at page 42.)

A study of the file wrapper of the reissue patent does not show that any of the amendments, including the above, that were made to overcome objections based on prior art, involved the continuity of the thread or the fact that the threaded end portion is a "non-interrupted continuation of the continuous thread on the cylindrical portion." The rejections before final allowance were based on items such as full thread depth on the tapered end portion, uniformity of the thread depth on the cylindrical portion, and the relationship of the diameter of the surface to be threaded with the pitch diameter of the threads on the cylindrical portion.

As to the meaning of the language in claim 5, it should be noted that a patentee is his own lexicographer. The terms he uses should be interpreted to read upon the structure he describes in the patent. Canaan Products, Inc. v. Edward Don & Company, 388 F. 2d 540 (7th Cir. 1968). The defendants take their interpretation because certain prior art cited to the patent office, Barth No. 2,703,419 and De Lapotterie No. 1,676,482, showed an interruption of threads in areas where no work was performed. As mentioned above, the court does not conclude that this language was added to overcome objections based on prior art, including the Barth and De Lapotterie patents. Since the defendants base their interpretation of the language of claim 5 on the assumption that file wrapper estoppel applies, their interpretation cannot be accepted.

It is the conclusion of this court that the language of claim 5 shall be given the interpretation the plaintiffs place upon it. It is the further conclusion of this court that the doctrine of file wrapper estoppel is not applicable and therefore the claim language of the reissue patent does not have to be strictly construed. In light of what has been concluded by this court in regard to the doctrine of equivalents, the Balax tap does infringe upon the subject matter of the reissue patent.

PATENT 3,050,755 IS INFRINGED BY THE BALAX TAP.

Even though the court has concluded that the method patent is invalid, an evaluation will be made at to its being infringed by the defendants' tap.

There are two areas where the defendants try to distinguish the operation of their device from the method claims. One is that the accused device does not have its areas of pressure application equally spaced exactly 90 degrees apart. The other results from an interpretation of the language of claims 1 and 3:

> "... the areas in the second series all being disposed in the same helical path and being substantially the same in size and pressure intensity and being substantially equal to the last such pressure area in the first series."

The reason the high spots on the Balax tap are unequally spaced is to make room for the groove. However, Mr. Fishleigh opined that the unequal spacing makes no difference in the operation of the Balax tap as compared to the Besly tap. Defendants' expert has never used the accused tap, and he could not contradict this finding. In fact, the court is of the opinion that the defendants have not offered any testimony that will dispute Mr. Fishleigh's findings on this point. It was the conclusion of this court that the

presence of the groove did not prevent the accused tap from infringing on the reissue claims. Since the only reason there is unequal spacing of the lobes is to make room for the groove, the court concludes that this unequal spacing does not prevent the accused tap from operating in a manner that infringes on the method claims.

As to the disputed language of claims 1 and 3, the defendants interpret this as meaning that each of the threads on the cylindrical portion of the tap is equal in pressure intensity to the last pressure area on the lead section of the tap. The defendants state that only the first lobe on the cylindrical portion does any work and that it does less work than the last thread on the tapered lead section. The defendants assert that it is impossible for the successive threads on the cylindrical portion to apply the same pressure as the last thread on the lead portion since the cylindrical portion does no work.

The plaintiffs agree that the threads on the cylindrical portion, except for the lobe on the first thread of that section, do not do any work. As stated in column 2, lines 47-50 of the specifications of the method patent:

> "In a sense, the majority of the maximum area 13 [the cylindrical section] floats or rides through after the work is done by the tapered portion 14, 15 and 16 and the first turn or so of the maximum area 13."

The plaintiffs contend that the claim language means, in light of the specification, that the pressure areas in the cylindrical section are equal in size and in pressure-applying *ability* as the last lobe on the tapered section. They say that this does not mean that all the threads on the cylindrical section actually apply the same pressure as the last lobe on the tapered section.

The defendants maintain that the claim language specifi-

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cally says that the threads on the cylindrical portion do in fact apply the same pressure.

As stated earlier in reference to the Canaan case, supra, a patentee is his own lexicographer, and the terms he uses should be interpreted to read upon the structure he describes in the patent. Also, while the claims define the invention, the specifications may be used to explain any ambiguity in those claims. The claims are to be read in light of the specifications, and both are to be read with a view to ascertaining the invention. See Minnesota Mining and Manufacturing Company v. Technical Tape Corp., 309 F. 2d 55 (7th Cir. 1962); Scherbatskoy v. United States Steel Corp., 287 F. 2d 552 (7th Cir. 1961).

The defendants place an interpretation on the claim language which they say results in a physical impossibility. They say that since taps do not operate in this manner, their tap does not; and therefore their tap does not infringe upon the method claims. The court reads the claims in light of the specifications. The specifications indicate that only the first turn or so of the threads on the cylindrical portion do any work. Therefore, when the claims state that the areas in the second series are substantially the same in size and pressure intensity to the last such pressure area in the first series, this must mean that their pressure-applying ability is the same, not the pressure which they actually apply. To give this language a contrary meaning would not be in accord with the way the specifications describe the method the tap uses.

In applying the doctrine of equivalents, I conclude that the claims of the method patent find a response in the method performed by the Balax tap.

THERE IS NO WILLFUL AND WANTON INFRINGEMENT BY THE DEFENDANTS.

The plaintiffs have asked for treble damages and for the awarding of reasonable attorneys fees. This is provided for in 35 U. S. C. §§ 284 and 285. For such and award the court must find exceptional circumstances. The plaintiffs say such exceptional circumstances are present because the defendants have willfully and wantonly infringed upon the patents in suit. If infringement of this type is found, the court, in its discretion, may award treble damages and reasonable attorney fees. Union Carbide Corp. v. Graver Tank & Mfg. Company, Inc., 282 F. 2d 653 (7th Cir. 1960); Upjohn Company v. Italian Drugs Importing Company, 190 F. Supp. 361 (S. D. N. Y. 1961).

The court in the Upjohn Case states that such awards are to be made sparingly and usually only where a clear showing of deliberate infringement is made. The plaintiffs cite the case of Maxon Premix Burner Company, Inc. v. Mid-Continent Metal Products Company, 155 USPQ 434 (N. D. Ill. 1967), for factors upon which a finding of an absence of good faith on the part of the infringing defendant can be made. In the Maxon Case, the court found that the defendant had literally infringed upon the claims of the patented device.

The plaintiffs point out that the reissue patent was issued almost four years before the defendants' swaging taps appeared on the market in 1962. It is also a fact that Mr. Van Vleet received certain information concerning the plaintiffs' taps in 1961. During that same year, Mr. Van Vleet was negotiating for a licensing arrangement with the plaintiffs (PX 143) so that he knew of the Bealy patent. On the other hand, the defendants point out that they were relying on the advice of counsel and cite a letter from

their attorney to plaintiffs' attorney (DX 237). The plaintiffs take issue with the conclusion which the defendants draw from this letter.

The court has found that the defendants' accused device infringes on both patents in suit, although the '755 patent has been held to be invalid. The infringement was based upon the doctrine of equivalents. The court is also of the opinion that the issue of infringement was clearer to resolve than the issue of validity. This is illustrated by the fact that the court held the question to be sufficiently close so that the secondary considerations of commercial success were referred to.

The court in the Upjohn Case, supra, at page 367 said:

> "There must be a deliberate purpose to infringe and such purpose is not found where the validity of the patent and any possible infringement is open to honest doubt."

It is the court's opinion that the defendants have been in good faith in questioning the validity of the patents in suit. Furthermore, the court does not deem it bad faith for the defendants to have manufactured and sold the accused device which basically differed only in that it had a groove. Since the court did not find file wrapper estoppel, a strict construction was not put on the claim language referring to a "continuous" thread, but this does not mean that the defendants were not acting reasonably in relying on this language.

There is a gap between infringement and willful and wanton infringement and the plaintiffs have not satisfactorily spanned this gap. I find that the plaintiffs have not sustained their burden of proof in establishing the exceptional circumstances called for. Their request for treble damages and reasonable attorneys fees under §§ 284 and 285 must be denied.

Have the Defendants Appropriated the Plaintiffs' Trade Secrets?

In addition to their charges of infringement, the plaintiffs have alleged that the defendants have appropriated Besly's trade secrets. This issue of unfair competition is based upon diversity of citizenship which exists in the case at bar. State law is to be used in determining the issue. Bliss v. Gotham Industries, Inc., 316 F. 2d 848 (9th Cir. 1963); Smith v. Dravo Corp., 203 F. 2d (RPB) 369 (7th Cir. 1953); Solo Cup Company v. Paper Machinery Corp., 240 F. Supp. 126 (E. D. Wis. 1965). According to the doctrine of Erie R. R. v. Tompkins, 304 U. S. 64 (1938), the state law upon which to base the plaintiffs' right of recovery is the law of Wisconsin.

The Wisconsin law has recently been set down in Abbott Laboratories v. Norse Chemical Corp., 33 Wis. 2d 445, 147 N. W. 2d 529 (1967). The Wisconsin court stated that they believed that the Restatement of Law correctly stated the general law of trade secrets. Referring to the Restatement, the court found that two elements were essential in establishing a cause of action: an actual trade secret and breach of confidence. Among the factors to be considered in determining whether given information is a trade secret, the court listed the following, at pages 463-64:

(a) The extent to which the information is known outside of his business;

(b) the extent to which it is known by employees and others involved in his business;

(c) the extent of measures taken by him to guard the secrecy of the information;

(d) the value of the information to him and to his competitors;

(e) the amount of effort or money expended by him in developing the information;

(f) the ease of difficulty with which the information could be properly acquire or duplicated by others.

Both sides have set out in their briefs what they believe the pertinent facts to be in resolving this issue. The plaintiffs contend that they supplied the defendants with confidential information, and that the defendants put this information to use; that this information enabled the defendants to enter the swaging tap business by a shortcut. The defendants, on the other hand, maintain that they received no information from the plaintiffs which was confidential, and that at no time did they use the information that the plaintiffs supplied to them.

Have the plaintiffs satisfied the factors of the Abbott Case? The court will examine the items enumerated in that case:

(a) The information is not known to a great extent outside of Besly's business. The testimony indicates that Besly supplied similar information only to its licensees. Mr. Van Vleet testified that some of this information can be found in "Standards and Dimensions for Taps and Dies." (PX 176). But the testimony of one of plaintiffs' engineers contradicts Mr. Van Vleet. This employee stated that the information in the standards book does not apply to swaging taps. (Tr. 524).

(b) The plaintiffs have not shown the extent to which this information is known by its employees and others involved in Besly's business.

(c) Similarly, the plaintiffs have not demonstrated the extent of any measures taken by them to guard the secrecy of the information; they say, however, it is not the type of information that they would divulge to a competitor.

(d) The testimony indicates that this information does have value to Besly and its licensees. Plaintiffs claim that it had great value to the defendants because the latter used it as a shortcut to get into the swaging tap business. The record shows that the defendants had not produced a swaging tap before the visits to Besly. (Tr. 316). But the evidence also shows that when the plaintiffs visited the Balax plant in 1965, they found very little in common between the two operations. (Tr. 824).

(e) The testimony discloses that it took great effort to develop the information. It was stated that it would take one man working full time a year to develop identical information. (Tr. 522).

(f) This latter statement also applies to the difficulty with which this information could be properly acquired or developed by others.

Defendants contend that the plaintiffs did not supply them with all the information which the latter claim was furnished. Nevertheless, this court is of the opinion that the information that was in fact supplied may properly be characterized as an actual trade secret.

The next question to be answered is whether a confidential relationship existed between the parties. The plaintiffs allege that they did not view Mr. Van Vleet as a competitor; that he told them that he was only interested in manufacturing and leasing machines that could produce taps. Mr. Van Vleet states that he conveyed the impression to Besly that he was in the tap business.

Mr. Van Vleet believed that he could produce a tap superior to the plaintiffs'. The tests made by the plaintiffs at a later date disclosed that Mr. Van Vleet's improvements in regard to lead error did not actually alter the tool's operation. However, this does not warrant the conclusion that Mr. Van Vleet used the alleged improvement

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as a guise to get information out of Besly. The record does not disclose any adequate precautions taken by Besly to protect the secrecy of the information they were giving Mr. Van Vleet; they say that the parties entered into a "joint venture", but there is not sufficient testimony to establish this. At best, the record discloses that both parties felt that they could help each other (PX 121).

It is the court's opinion that the plaintiffs should have regarded Mr. Van Vleet as a potential competitor. The plaintiffs did not take reasonable precautions which would prevent him from becoming a competitor if a satisfactory arrangement could not be worked out with Besly. Viewing Mr. Van Vleet as a potential competitor, the plaintiffs should have taken steps to insure the confidentiality of the information given to him. The plaintiffs have failed to demonstrate that a confidential relationship existed or was contemplated by the parties. Therefore, the plaintiffs have not sustained their burden of proof that the defendants appropriated trade secrets.

Is the Company President Personally Liable for Infringement?

The plaintiffs seek to hold Mr. Van Vleet personally liable for the infringement of the patents in suit. Balax was incorporated in 1959, and Mr. Van Vleet has been its president since then. Initially, Mr. Van Vleet was the only stockholder, and at present he owns 63 percent of the stock. (Tr. 268). Until 1964, there were only three corporate officers of Balax. At that time, Mr. Dobrogowski was employed by the board of directors. His duties are similar to those of Mr. Van Vleet. (Tr. 292). This includes engineering, design, research and development of products. It was Mr. Van Vleet who designed the accused structure. (Tr. 269). He was also the person who was in contact with

the Besly people during the 1961 period when certain information was obtained from Besly. The plaintiffs contend that the record supports a finding that Balax was Mr. Van Vleet's alter ego.

The defendants state that Balax is a corporation in which many people have money invested; that it is run by an active board of directors; and that Mr. Van Vleet did not take any of the management responsibility away from this board.

The plaintiffs urge that every requirement of Rex Chainbelt, Inc. v. General Kinematics Corp., 363 F. 2d 336 (7th Cir. 1966), has been met for holding Mr. Van Vleet personally liable. That case did not purport to set out a list of general requirements for finding personal liability; the court simply listed factors which supported that finding. It appears that some of those same factors can be found in the instant case. However, the record in this case shows that the board of directors does have a hand in the management of Balax. The corporation and Mr. Van Vleet are not one and the same, even though because of his majority stockholding and the relatively small size of the organization, Mr. Van Vleet is a most integral cog.

I conclude that Mr. Van Vleet is not hiding behind "the corporate veil". The record does not support a finding that Mr. Van Vleet should be held personally liable for the infringement of the patents in suit.

Did the Plaintiffs Perpetrate a Fraud on the Patent Office?

One of the several defenses which the defendants interposed in this lawsuit is that the plaintiffs obtained the patents by committing fraud on the patent office. This is the "spectre of unclean hands" which Judge Swygert referred to in National Dairy Products Corp. v. Borden Co.,

394 F. 2d 887, 891 (7th Cir. 1968). The defendants have the burden of proving this by clear and convincing evidence. Armour & Company v. Wilson & Company, 274 F. 2d 143, 148 (7th Cir. 1960).

The defendants claim that inventor Welles filed affidavits with the patent office which, contrary to his knowledge, claimed that the subject matter had not been in public use or on sale more than one year prior to his applications. The defendants contend that Welles knew of the German publications, plus the Pratt & Whitney and Detroit Tap sales at the time the reissue patent was applied for. In regard to the '755 patent, the defendants claim that Mr. Welles failed to inform the patent office of sales to Besly's customers more than one year prior to the date of the application.

To support their contentions, the defendants cite the testimony of Warren Olson, president of Besly. Mr. Olson testified that about 1955-56, during the course of general meetings, he heard about certain companies and about sales to Fisher Body. These companies were Ernst Reime, Pratt & Whitney and Detroit Tap. He states that he probably got this information from either Mr. Welles or Mr. Addoms. The plaintiffs date such conversations around October, 1958.

The court believes that Mr. Olson did indeed hear something about these companies at the time he testified that he did; however, his testimony is inconclusive as to exactly what he heard, and even more inconclusive as to what knowledge can be attributed to Mr. Welles during this period. This is not clear and convincing evidence of fraud on the patent office.

The court has also considered the evidence as to what Mr. Olson told the patent office in his oath of July 23, 1959; he there stated that the initial promotion of the tap in suit

began in January, 1958, but that there were a few previous sales incident to experimentation that were not significant. (PX 72 at page 49). A chart of average sales was appended which shows no 1957 or 1956 sales.

The defendants have not persuaded the court by clear and convincing evidence that the plaintiffs obtained the '755 patent by means of fraud.

ARE THE PLAINTIFFS NOT ESTOPPED BY LACHES?

The defendants maintain that the plaintiffs are barred by laches as regards their charges of patent infringement and trade secret appropriation. The defendants contend that it was almost two years after they were first notified of the charges that plaintiffs brought suit.

On April 20, 1962, Besly charged defendants with patent infringement (DX 234). The complaint in this action was filed on June 17, 1964. However, on May 24, 1962, Besly filed an infringement action against Jarvis Corporation (PX 9). Mr. Van Vleet learned about this suit which involved the patents in the instant action in March or April of 1963 (Tr. 1194).

In Armstrong v. Motorola, Inc., 374 F. 2d 764 (7th Cir. 1967), the court noted that a suit pending to sustain the validity of a patent is notice to all infringers of the insistence by the patentee upon his claimed rights. The defendant knew of the Jarvis lawsuit, and therefore they should have known that Besly was insisting upon the rights it claims from the patents in suit. The suit against Jarvis was filed after Besly had notified the defendants in the instant case of its charges of infringement.

Upon the facts of the case at bar, the plaintiffs are not barred from maintaining this suit against the defendants.

HAVE THE PLAINTIFFS VIOLATED THE ANTI-TRUST LAWS?

The defendants have counterclaimed averring that the plaintiffs have violated section 1 and 2 of the Sherman Act. Treble damages are sought under section 4 of the Clayton Act. In my opinion, this counterclaim may not succeed because (1) there was no adequate proof of fraud in procuring the patents in suit, (2) the plaintiffs are not properly chargeable with illegal enforcement of their patents, and (3) there has been no sufficient showing of an illegal combination to restrain trade.

By dint of its valid patent Re. 24,572, the plaintiffs were entitled to the limited protection afforded under the patent laws. This included the right to license others to manufacture the patented tap. It is inappropriate to denominate this conduct as "conspiratory" or "monopolistic". U. S. v. Masonite, 316 U. S. 265 (1941) is not applicable.

In my opinion, there is no merit to the defendants' counterclaim.

CONCLUSION.

The foregoing opinion constitutes this court's findings of fact and conclusions of law in accordance with rule 52(a), Federal Rules of Civil Procedure.

Counsel for the plaintiffs are requested to prepare an order in accordance with the foregoing opinion. Said order may be presented to the court for signature but not before the same has been in the hands of defendants' counsel for at least ten days.

Dated at Milwaukee, Wisconsin, this 9th day of September, 1968.

/s/ MYRON L. GORDON,
U. S. District Judge.

UNITED STATES DISTRICT COURT

Eastern District of Wisconsin

* * (Caption—Case No. 64-C-170) * *

ORDER.

(Filed Oct. 1, 1968)

The above-entitled action having come on for trial before the Court, and the Court having heard the testimony and considered the exhibits and the briefs filed by the parties, and having heard the oral arguments of counsel following briefing, and the Court having issued its opinion dated September 9, 1968, which opinion constituted the Court's findings of fact and conclusions of law in accordance with Rule 52(a) of the Federal Rules of Civil Procedure, and the Court being fully advised in the premises;

It Is Hereby Ordered:

1. Claims 5, 6, and 7 of the Welles patent No. Re. 24,572 are valid in law, and defendant Balax, Inc., and all those in privity with such company, except John M. Van Vleet, are hereby held liable for infringement of said claims of patent Re. 24,572.

2. Defendant Balax, Inc., and all those in privity with such company, are hereby enjoined from further infringing claims 5, 6, and 7 of Welles patent Re. 24,572.

3. Claims 1, 2, 3 and 4 of Welles patent 3,050,755 are held invalid.

4. If claims 1, 2, 3 and 4 of Welles patent 3,050,755 are valid, they are held to have been infringed by defendant Balax, Inc., and all those in privity with such company, except defendant John M. Van Vleet.

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5. Counts 1 and 2 of the complaint of the plaintiff shall be, and the same hereby are, dismissed on their merits as to defendant John M. Van Vleet, and said Count 2 shall be, and the same hereby is, dismissed on its merits as to defendant Balax, Inc.

6. Defendants' amended counterclaim, first cause of action, is sustained in part and dismissed in part in accordance with the foregoing. The remaining causes of action of said amended counterclaim shall be, and the same hereby are, dismissed on their merits.

7. Plaintiffs are hereby awarded costs and shall have an accounting in order to determine the damages from the infringement by the defendant Balax, Inc. of Welles patent Re. 24,572.

Dated this 1st day of October, 1968.

/s/ MYRON L. GORDON,
United States District Judge.

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No. 1654

FILED
JUN 9 1970
JOHN F. DAVIS, CLERK

In the

Supreme Court of the United States

OCTOBER TERM, 1969

THE BENDIX CORPORATION and
SELLEW CORPORATION,

Petitioners,

vs.

BALAX, INC. and JOHN M. VAN VLEET,

Respondents.

BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

EDWARD A. HAIGHT
141 West Jackson Boulevard
Chicago, Illinois 60604
Counsel for Respondent.

Of Counsel
S. L. WHEELER
606 West Wisconsin Avenue
Milwaukee, Wisconsin 53203

MAXWELL H. HERRIOTT
780 North Water Street
Milwaukee, Wisconsin 53202

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The Questions Presented for Review

In order that the first question incorporate the controlling "circumstances of the case", we suggest restatement of the issue to read:

1. When the claim of a Gebrauchsmuster, a German petty patent, incorporates by reference the specification and patent drawings, may the specification and drawings be considered in determining "what was patented . . . in a foreign country" for the purposes of Section 102 of the Patent Statutes?

The second question presented should be revised to read:

2. Is there any sound reason for this Court to review on writ of certiorari the concurring findings of fact of the Trial Court and the Court of Appeals that the meager disclosure in an earlier filed application for a patent on a product was not sufficient disclosure to support method claims sought in a later filed application?

Argument

Question 1 is fully answered in the opinion of the Court of Appeals (Appendix to Petition A4, A10, 164 USPQ 485 at 487 to 490). The Gebrauchsmuster (GM) claims made specific reference to the specification and are meaningless unless read in the light of the specification. For example—Does the GM meet the limitation of the reissue patent in suit that there be a "tapered threaded end portion"? The GM Claim 1 refers to the "threaded cross section (b, c, d)". The claim does not say tapered, but a glance at the drawing shows that portion marked *d* is indeed a tapered threaded end portion and the specification refers to it as "the conical start *d*" of the thread (See Def. Ex. 200, Exhibit Appendix II, pp. 471, 473, 475).

Claim 2 of the GM calls for the tap of Claim 1, "characterized by the shape, disposition and arrangement reflected by the drawing and the specification". There is no way one can determine what was patented by this claim without referring to the drawing and specification. It is for this reason, no doubt, that the Patent Office, when necessary, obtains complete texts of the specifications of Gebrauchsmuster from the German Patent Office and maintains a file of such copies.*

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* Manual Patent Examining Procedure 901.05(b) provides in part:

> "German Utility Models (Gebrauchsmuster) may be used as references as prior patents, but not as printed publications since the full specifications are not printed effective as of their registration date. When necessary, the Librarian will obtain the complete text of the specification from the German Patent Office. A file of such copies is maintained in the Scientific Library."

The purported conflict of the Court of Appeals opinion with the opinion of the District Court in the *Reeves* case (Petition, p. 8) is non-existent. The Court of Appeals clearly explained the differing results—on differing facts (Appendix to Petition, pages A5 - A7). *Reeves* was dealing with an alleged invention which was not, and could not have been, patented by a GM.

Question 2 was answered by both the District Court and the Court of Appeals, each of which held the method patent invalid because they found it was employed beginning in June of 1956 by customers of Petitioner. No question of public disclosure to or by them was involved. They employed the method in commercial operations and hence there was an invalidating public use of the method, regardless of whether they, or anyone else, characterized the use in terms of the method claims specifically allowed.

The test as to the sufficiency of the disclosure of the original application filed in April of 1956 to support the method claims first sought in 1958 is a simple factual test as to whether that original application contained an adequate disclosure to support each element of the method claims. The District Court and the Court of Appeals each found the original specification wanting (See Appendix to Petition A14 - A17 and A38 - A42). The extensive additions to the original disclosure, which were made when seeking method claims in the 1958 application, are underlined in Defendants' Exhibit 430 (Appendix II, pages 660-662).

Petitioners have delayed the present application until 125 days after the Judgment of the Court of Appeals. Judgment of the Court of Appeals was entered on January 30, 1970, and rehearing was denied on March 9, 1970. The Petition should be denied promptly, before the sum-

mer recess, in order that: (a) Respondent may without delay pursue the remanded anti-trust charges of the counterclaim, and (b) Petitioners' licensees will not have to continue paying—and passing on to the public—thousands of dollars each month on licenses on three patents: one of which Petitioner has admitted in this action was invalid on its own prior public use; the second of which was held invalid by both the District Court and the Court of Appeals on prior public use by Petitioners' customers; and the third of which was held invalid by the Court of Appeals as shown in a prior German patent (without even reaching questions of invalidity on German publications showing the same structure, and on prior sales in the United States of the same structure by Detroit Tap and Pratt & Whitney in 1950).

Respectfully submitted,

.....

EDWARD A. HAIGHT
141 West Jackson Boulevard
Chicago, Illinois 60604
Counsel for Respondent.

Of Counsel

S. L. WHEELER
606 West Wisconsin Avenue
Milwaukee, Wisconsin 53203

MAXWELL H. HERRIOTT
780 North Water Street
Milwaukee, Wisconsin 53202

Certificate Of Service

I hereby certify that on this 9th day of June, 1970, copies of this Brief in Opposition to Petition For Writ of Certiorari were mailed, postage prepaid, to Howard T. Markey, Daniel C. McEachran and Parker, Carter & Markey, 8 South Michigan Avenue, Chicago, Illinois 60603. I further certify that all parties required to be served have been served.

.....
Counsel for Respondent

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